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WORLD NEWS

Strike to hit live BBC-TV tomorrow

BBC live television broadcasts will be hit from midnight tonight as electricians strike over a long-running pay and productivity dispute.

The strike will affect programmes such as Newsnight, the Terry Wogan show, outside broadcasts and programmes in production. The BBC said it would try to maintain its full range of programmes. The Arsenal - Tottenham Hotspur match may still be shown live tomorrow.

The BBC said no talks were planned with the EETPU union, which voted in December to strike but delayed the action so Christmas and New Year programmes would not be disrupted. Back Page

18 die in air crash

A Spanish Air Force aircraft crashed into the sea off Equatorial Guinea, West Africa, killing all 18 passengers and crew.

Hurd New Year probe

Home Secretary Douglas Hurd called for a report on New Year violence in several towns which left 60 police officers injured.

IRA attacks base twice

A security force base in the Northern Ireland border village of Crossmaglen came under IRA mortar bomb attack twice within an hour. No one was hurt in either bombing.

Reagan 'ill-informed'

Retiring US House Speaker Tip O'Neill said President Reagan was the most-ill-informed of the eight presidents he was known, and President Carter the most talented. Challenge, Page 2

Chad troops' victory

The Chad government said its troops recaptured the key northeastern oasis town of Fada from Libyan forces

Tanks sabotaged

Saboteurs have damaged more than 100 US-built tanks in a Nato maintenance camp in Luxembourg, Defence Minister Marc Fischbach said. Page 2

Santiago curfew ends

Chile's military government ended the two-year-old night-time curfew in Santiago.

Storms hit east US

Fierece storms swept up the US east coast bringing snow, high winds and flooding, and high tides caused by syzygy—a rare alignment of the Earth, sun and moon.

Sunday paper reshuffle

The News on Sunday, the tabloid newspaper to be launched in the spring, reshuffled its management team after the resignation of editor-in-chief John Pilger. Page 3

Surgery for Elton

British rock singer Elton John is to have exploratory throat surgery in Sydney next week and has cancelled all performances for 1987.

BUSINESS SUMMARY

Computer thieves raise their stakes

THE average amount stolen by computer fraud in the UK has risen eight times in three years, from £31,000 in 1983 to £262,000 last year. The maximum loss recorded has increased from £500,000 to £10m.

The figures come from Computer-Related Fraud Casebook. The authors, who took work for BIS Applied Systems, say many companies are reluctant to prosecute computer criminals. Back Page.

HERALD and Weekly Times' board recommended acceptance of an improved offer by Robert Holmes à Court valuing the Melbourne-media group at A$2.025bn (£908m). Rival bidder Rupert Murdoch indicated he would let shareholders decide the issue. Back Page; Analysis, Page 9

IRISH purchasers of retail goods in Northern Ireland may be costing the Irish Republic's economy I£250m (£190m) a year. Back Page

CANNON film group, rescued by Warner Communications last month, is to proceed with plans for up to 10 multi-screen cinemas in the UK. Back Page

GOLD rose $12½ an ounce in London to close at $403.25, reflecting a sharp overnight rise in New York and weakness in the dollar. Commodities markets, Page 9

LONDON EQUITIES' early losses were stemmed when Wall Street opened sharply higher. The FT Ordinary Share Index closed 6.3 up at 1,320.2, giving a rise over the shortened trading week of 18 points. Page 11

NEW ISSUE activity was boosted to a record level in London in 1986 by the flotations of British Gas and TSB, according to merchant bank Samuel Montagu. Page 3

FLEMISH politicians attacked the Belgian Government's plan to cut 8,200 jobs in the country's troubled coal industry. Page 2

SPAIN'S General Workers' Union, the labour federation allied with the ruling Socialist Party, kept its lead over its Communist rival in workers' elections. Page 2

ROYAL Ordnance: The Government has short-listed four potential buyers and will invite them to inspect munitions plants before lodging final bids. Page 3

ABBEY NATIONAL took advantage of the newly-introduced building society deregulation to unveil a range of personal loans. Page 3

APEX, the clerical workers' union in which membership has dropped heavily, is next month to consider four merger proposals including one from the white-collar unions Tass and ASTMS. Page 5

SCHRODERS, UK merchant bank, has further reduced its stake in its US commercial banking operation. International Bank of Japan now owns 95 per cent. Page 8

Chirac and unions on collision course over French rail strike

BY GEORGE GRAHAM IN PARIS

FRANCE's 15-day-old rail strike last night seemed in danger of turning into a head-on confrontation between the Government and the more militant trade unions.

Rail traffic was again badly disrupted as thousands of French holidaymakers tried to make their way home after the New Year break.

SNCF, the French national railway company, called in riot police to evict the strikers who had occupied points and signal boxes in several areas.

The conflict seemed set to spread as militants in the communist-led CGT trade union called for industrial action to be stepped up throughout the public sector. The Government in turn stuck firmly to its policy of keeping public sector pay under tight control.

Mr Jacques Chirac's Administration cannot risk another embarrassing climbdown after its humiliation last month at the hands of French students. At stake is Mr Chirac's position in the delicate game of cohabitation with Mr Francois Mitterrand, the Socialist president.

Mr Mitterrand was attacked by right-wing opponents for receiving a delegation of striking railway workers on New Year's Day. Mr Jacques Toubon, secretary-general of Mr Chirac's RPR party, said the president's action could only "reinforce the extremism of the hardliners and go against the aims of cohesion and social peace."

There are also strikes in France's merchant navy and in the coal mines. Further strikes are planned for next week in the Paris public transport system, the national electricity supplier EDF, and the state munitions works. CGT union members are expected to take action in other public-sector areas, such as Renault the carmaker.

Officials in more moderate unions, yesterday sought to stem the spread of the conflict.

Mr Edmond Maire, leader of the pro-socialist CFDT, called for an immediate resumption of talks this weekend aimed at ending the strike.

Mr Maire warned that the position was becoming more dangerous throughout the public sector and blamed Mr Chirac's Government for the rigid way in which it had sought to control pay negotiations in the public sector.

"The CFDT calls on the Government not to drive itself into a cul-de-sac," he said. The centrist Force Ouvriere union, meanwhile, called for a secret ballot of the striking railwaymen "in the face of a situation which is becoming uncontrollable."

The SNCF management, however, rejected any further pay negotiations.

Mr Philippe Essig, the company's chairman, said: "SNCF can do no more. We have gone to the extreme limit of what it was possible to concede."

SNCF estimates its losses since the start of the strike on December 18 at more than FFr 700m (£74m).

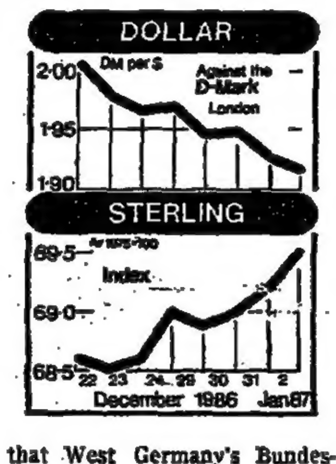
Sterling gains as dollar remains under pressure

BY PHILIP STEPHENS IN LONDON AND GEORGE GRAHAM IN PARIS

THE pound began the New Year with further gains on foreign exchange markets yesterday as the dollar remained under pressure and oil prices edged above $18 a barrel.

The Bank of France raised one of its key interest rates for the second time this week as the US currency's weakness and industrial unrest in France added to strains in the European Monetary System.

Sterling's strong performance triggered rises of up to two points for long-dated gilt-edged securities and encouraged the Bank of England to announce the issue of £1bn of new stock. It also prompted some speculation of an early cut in British interest rates, but the authorities indicated they would take a cautious approach.



Officials pointed out that while the pound had climbed rapidly against the dollar in recent weeks, its gains against European currencies had been relatively modest.

The sharp movements in exchange rates over the past few days have also come in extremely thin trading, and central banks are reluctant to judge their significance until turnover returns to normal levels next week.

The dollar's fall, which gained momentum earlier in the week with the publication of figures showing a sharp deterioration in the US trade position, took the currency to its lowest levels for six years. Foreign exchange dealers were predicting the dollar would face further pressure next week.

Those forecasts were, however, tempered by speculation that West Germany's Bundesbank and other European central banks would intervene if the dollar continued to slide.

The West German authorities are anxious to avoid turmoil in the foreign exchange markets ahead of the general elections scheduled for later this month and want to head off pressure for an early realignment of the EMS.

The dollar's fall has caused tension in the EMS because the D-mark attracts the bulk of the funds leaving the US currency. The resulting pressure on the French franc has been exacerbated by the damaging effect on market confidence of the prolonged strike by French railway workers.

The three-quarter point rise in the intervention rate to 8 per cent yesterday is the Bank of France's strongest action so far to support the franc during the recent bout of speculative pressure. It threatens to force a rise in France's bank base rates.

The authorities have usually preferred to leave the intervention rate unchanged while allowing more flexible movement to the seven-day repurchase rate, lifted earlier this week to 8.25 per cent.

However, with the franc slipping further against the D-mark yesterday, the option of moving the seven-day rate was seen as not being a strong enough move. The franc was fixed at FFr 3.312 to the D-Mark, 1.7 per cent away from its central rate within the EMS exchange rate mechanism and less than 2 centimes above its floor of FFr 3.3303.

If the dollar's decline continues it will add to pressure on the new West German government to reach an accord with the US to strengthen co-ordination of economic and exchange rate policies.

In London yesterday, the dollar closed at DM 1.9175, down from DM 1.9235 on Wednesday ahead of the new year holiday. The pound gained 0.8 cents to close at $1.4905, while smaller advances against European currencies also contributed to a 0.3 point rise in the sterling index to 69.5.

The Bank of England said it would be offering £1bn of 10 per cent Treasury 1994 gilt-edged stock in a tender sale next Wednesday. The stock, which yields 10.4 per cent at the minimum tender price of £98, is partly-paid, with £40 per £100 of stock due at the time of the tender and the balance on February 24. It is also tax-free for foreign investors.

Currencies, Page 11

Reagan budget will set deficit of $107.8bn

BY LIONEL BARBER IN WASHINGTON

PRESIDENT REAGAN will send a new budget to Congress on Monday which sets a deficit of $107.8bn, just below the limit set by law for the year.

The budget is expected to propose continuing increases of about 3 per cent in military spending over the next five years, but is likely to recommend cuts in farm aid and other domestic entitlement programmes.

The Administration reported yesterday that defence spending had led to a 4.1 per cent increase in the output of US manufactured goods in November, the biggest increase for two years.

Congress, now in the hands of Democratic majorities in both the House of Representatives and the Senate, is likely to discard the bulk of Mr Reagan's $1,024.3 trillion budget for the fiscal year which begins on October 1.

Official estimates put this year's deficit at abount $170bn, though private forecasters think it wil be higher. The mismatch between revenues and outlays and the agreed need to bring deficit down has fuelled arguments over spending

The Office of Management and Budget yesterday declined to confirm a report in the New York Times which quoted what it claimed were confidential papers giving details of the budget.

The report said the total military budget would rise by about $20bn a year for each of the next five years, from $312bn in 1988 to $396.9bn in 1992.

Medicare and Medicaid, the health programmes of the elderly and the poor, would continue to grow, but to slow the growth, Mr Reagan would propose cuts to create savings of $58.4bn over five years.

The cost of Medicaid would raise from $26.7bn this year to $32.5bn in 1992. Medicare spending would rise from $71.6bn this year to $104.3bn in 1992.

The budget proposals will give clues on how Mr Reagan viwes spending priorities, how conciliatory he may be in his negotiations with Congress and how he proposes to tackle the record budget deficit of $220.7bn in the 1986 fiscal year.

Administration's target of $107.8bn is just below the $108bn target set by the Gramm-Rudman-Hollings law, which envisages a balanced budget by 1991.

Continued on Back Page

PRESIDENT REAGAN is to request a further $100m of aid from Congress for Contra rebels fighting the Marxist Sandinista Government in Nicaragua, Mr James Millar, the President's budget director, said yesterday. The request, in the light of the Iran arms scandal and allegations that the White House deliberately evaded an earlier congressional ban on aid is certain to be controversial.

Reagan faces stiff opposition, Page 2

Peking students go to the wall with their protests

BY ROBERT THOMSON IN PEKING

WALL POSTERS became the main medium for protest in China yesterday, after the successful show of strength by university students on Thursday night.

Peking campuses were generally quiet, as the students basked in the glow of their victory. With torch in one hand and tape recorder in the other, they turned out in their dozens to read and record calls for democracy and accounts of the previous night's demonstrations printed on the illegal posters.

One consisted of an open letter to Deng Xiaoping, the paramount Chinese leader, suggesting he employ his bridge-playing skills in choosing more intelligent leaders. The letter said a "generation gap" was responsible for the misunderstanding between the Peking Government and the students.

State radio broadcasts said the most recent street marches had been instigated by a few "anti-Socialist elements," while the Peking Daily urged students to "heighten their vigilance" and not be "misled by these elements." As such, the Government is still refusing to recognise publicly the existence of a pro-democracy movement.

Xinhua, the official Chinese news agency, launched its second attack on the US government-run radio network, the Voice of America, claiming it had encouraged students to continue dissent, and had reported that the Chinese demonstrations have been "a comfort

Continued on Back Page

WEEKEND FT

FUTURES

Forget gloomy predictions and ignore doomsayers. The future is a nice place to be

Page I

FINANCE

What does 1987 hold for investors? Fund Managers give their views

Page IV

TRAVEL

The Caribbean: three paradise islands

Page VIII

SPEND LESS

If seasonal extravagance has left your finances in a mess do not despair. How to Spend It offers suggestions on how to save and stay stylish

Page XI

ECONOMIC PROSPECTS FOR 1987

WHAT ARE the world's economic prospects in 1987? The FT will address this question on Monday, in a series of special articles. Chancellor Nigel Lawson, in an interview discusses nidustry-City relations, sterling, inflation, profit-related pay, the Stock Exchange, taxation and privatisation.

Professor Martin Feldstein examines the risk that the US economy, jarred by a falling dollar and rising real interest rates, could slip into recession. Professor Alan Budd foresees strong growth in world trade, but expresses serious concern about a UK economy which may be overheating, even with unemployment at more than 3m. "A golden opportunity to defeat inflation completely has been wasted," he argues. An overview of the world economy is offered by Michael Prowse.

In a survey of UK industrial prospects, FT writers assess how well-equiped industry is to take advantage of strong consumer demand and a more competitive exchange rate after a year of further streamlining and shake outs of staff in main manufacturing sectors.

BTR bid for Pilkington shelved

BY MARTIN DICKSON

THE £1.1BN takeover bid by BTR, the industrial conglomerate, for Pilkington Brothers, the glass maker, was shelved yesterday by the Takeover Panel. It will await a government decision on whether the bid is to be referred to the Monopolies and Mergers Commission — a decision not now expected until the middle of this month.

The panel's move means Pilkington can delay a profits forecast which, under the normal takeover timetable, it would otherwise have had to make this weekend.

The panel said it was also stopping the clock in a second takeover battle — the £173m partial offer by Valuedale, a specially-created company, for Simon Engineering—because of a similar delay in a government announcement.

Each bid has bene frozen because the Office of Fair Trading is taking a long time to recommend to the Government whether either or both should be referred to the commission.

The timetable governing takeover battles assumes the OFT will usually recommended in time for a government decision by the 21st day of a bid—which is when it reaches its first closing date — and in any event before the 39th day, which is the last day a defending company can forecast profits.

However, the 39th day of the Valuedale bid was yesterday and that of the Pilkington bid would be today.

The panel has therefore ruled that in each case the 39th day will be two days after the Government announces its decision. The 46th day of each bid — the final date for a higher offer — and the 60th day — the day the bid must succeed or fail — have been extended by the same number of days.

In the Pilkington bid case the panel has also said BTR must not raise its offer until after the government announcement. This is not expected until the week beginning January 12. The panel will review the situation if there is no announcement by January 15.

There have been several occasions over the past year when the panel has had to so stop the clock. The first was during the £2.6bn takeover of Imperial Group by Hanson Trust. However, the delay in the Pilkington bid will be the longest yet.

MARKETS

DOLLAR

New York
DM 1.9235
FFr 6.3705
SFr 1.61325
Y158.35
London:
DM 1.9175 (1.9235)
FFr 6.35 (6.375)
SFr 1.609 (1.613)
Y158.2 (same)
Dollar index 107.7 (107.9)

US LUNCHTIME RATES

Fed Funds 5¾%
3-month Treasury Bills:
yield: 5.7%
Long Bond: 100⅜
yield: 7.42%

GOLD

New York: Comex Feb latest $405.2
London: $403.25 ($391.0)

STERLING

New York lunchtime $1.4885
London: $1.4905 (1.4825)
DM 2.8575 (2.8525)
FFr 9.465 (9.45)
SFr 2.3975 (2.39)
Y235.75 (234.5)
Sterling index 69.5 (69.2)

LONDON MONEY

3-month interbank:
closing rate 11% (11⅛)

NORTH SEA OIL

Brent 15-day Jan (Argus)
$18.20

STOCK INDICES

FT Ord 1,320.2 (+6.3)
FT-A All Share 836.29 (+0.1%)
FT-SE 100 1,681.1 (+2.1)
FT-A long gilt yield index:
High coupon n/a (10.24)
New York lunchtime:
DJ Ind Av 1,919.01 (+23.06)
Tokyo: Market closed

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 8; France FFr 6; W Germany DM 2.20; Ireland 60p; Italy L1,500; Malta 30c; Netherlands Fl 2.75; Norway NKr 7.00; Portugal Esc 80; Spain Pta 125; Sweden SKr 7.00; Switzerland SFr 2.20.

CONTENTS

For London market and latest share index 01-246 8026; overseas markets 01-246 8086

OVERSEAS NEWS

Reagan faces stiff policy challenge from Democrats

BY LIONEL BARBER IN WASHINGTON

PRESIDENT REAGAN ended his New Year holiday in California yesterday and returned to Washington to face minor surgery and continuing public criticism over the Iran arms scandal.

The 75-year-old Republican President, who enters hospital tomorrow for a colon examination and surgery early the next morning for removal of enlarged prostate tissue, will also face the challenge of an envigorated Democratic Party when the 100th Congress reconvenes on Monday.

The Democrats, who have majorities in the House and Senate chambers, are expected to mount stiff challenges to the Reagan Administration on trade policy, the federal budget, and defence spending.

Mr Reagan will be far less able to win congressional support for his policies or defy Congress in the coming months. The personal magic of his first six years as president has largely been dispelled by the all-embracing scandal.

Starting on Monday, Congress will set in motion two bi-partisan committees in the House and Senate to dig into the affair. Public hearings could come as early as February, forcing the President and his White House advisers on the defensive.

A hint of how Democrats sense that Mr Reagan is a vulnerable target came yesterday when Mr Tip O'Neill, the outgoing Speaker of the House of Representatives, called him the worst-informed of eight past presidents he had known. "He has been lucky. He has been built by the media of America," said Mr O'Neill.

The Democrats are expected to draw up a trade bill recommending action against alleged unfair competition by foreign producers. The surge in the trade deficit last November — foreshadowing a likely $170bn shortfall for 1986 — will fuel pressure.

President Reagan faces further challenges on defence spending and arms control. Democrats are sceptical about his plans to push ahead with the multi-warhead MX missile, and they are concerned about his decision to break the Salt arms limitation treaty with the Soviet Union.

They may try to force compliance by holding up other defence spending programmes.

Mr Reagan has tried to make a fresh start for 1987 by appointing a new White House adviser on the Iran scandal, the former Nato Ambassador Mr David Abshire. Mr Frank Carlucci, the New National Security Adviser, took office yesterday having instigated a purge of the National Security Council staff employed by the former adviser, Vice-Admiral John Poindexter.

Admiral Poindexter resigned and a key White House aide, Lt-Col Oliver North, was fired following the disclosure that up to $30m in profits from secret arms sales to Iran were diverted to contra rebels in Nicaragua.

US hits back at EEC egg exporters

By David Dodwell in Hong Kong

THE US is to retaliate against the European Economic Community's fresh egg exports to Hong Kong by subsidising its producers under the Agriculture Department's export enhancement programme.

The subsidy, which applies only to Hong Kong, will begin on Monday, and will cover up to 44m fresh eggs. It is aimed at halting an erosion in market share that US Agriculture Department officials say is due to subsidies provided to EEC exporters.

Hong Kong is the US's leading export market for fresh eggs, accounting for over 40 per cent of all export sales in 1985. In that year, it sold 94m eggs to the British territory, worth HK$37.6m (£3.26m) and amounting to a 7.5 per cent market share.

In the first nine months of last year, market share fell to 6.2 per cent, with EEC exporters being the main beneficiaries. France's fresh egg exports in the first nine months of last year were almost three times those for the whole of 1985, with West Germany's sales more than double. From a 4.4 per cent market share in 1985, the EEC accounted for 6.3 per cent to the end of September last year.

China is Hong Kong's main supplier of fresh eggs, selling 941m in 1985, and accounting for about 76 per cent of market share. These exports were worth HK$271m.

EEC assesses trade war threat

BY OUR FOREIGN STAFF

THE THREATENED US tariff increases on key European food and drink exports appear designed to put pressure on most EEC member states, albeit unevenly, by affecting exports from leading agricultural producers.

According to figures released by the European Commission, the measures would affect exports worth a total of about $428m (£289m).

France would be worst hit by the potential US measures with $250m of exports of brandy, wine and cheese that could be affected.

The French Government position, as made clear by the Prime Minister's office, is that France still hopes negotiations will result in a settlement. But if not, Mr Michel Noir, the Minister for External Trade, has warned that France will hit back on the basis of an eye for an eye.

The French food exports worst hit would be brandy ($186m), cheeses such as Camembert and Brie ($31m) and white wine ($21.7m). France accounts for virtually all the EEC exports of brandy to the US which is a major market for French cognac producers.

The statement from the Prime Minister's office said the US measures were incompatible with the spirit in which the new Gatt round had been launched.

The West German Government expressed concern at the latest US trade moves, especially as they came shortly after threatened action over the country's machine tool sales.

The proposed tariff rises will however have little direct effect on West Germany. Total W. German sales of wine to the US total around DM275,000 ($137,500) a year. The measures are directed against cheaper table wines, moreover, which do not form a large part of the exports. Even so, said the Agricultural Ministry in Bonn, a number of small and medium-sized firms which have built-up sales in the US could be severely affected.

This could be the case not only with wine, but also with cheese, soft drinks and preserves, and tinned ham, which are included on the US list. Total exports of agricultural products by Germany to the US are around DM 1.5bn a year, with wine, coffee and beer the chief items.

Belgium's main casualties will be its endive growers. They and their counterparts just over the border in Luxembourg sold $5.3m worth of this white-leaved aromatic vegetable at the latest count in 1985. Belgium accounted for by far the largest part of the exports, making it European market leader in the product.

In Rome, the Italian Ministry of Foreign Trade said yesterday that it was still studying the Washington announcement and had no comment to make. Italian wine exports to the US, including sparkling wines, were worth L182bn (£92m) in 1985.

Exports of gin from Britain, worth about $82.5m, make up about 15 per cent of total gin sales in the US.

The major imported brands are James Burrough's Beefeater brand with a market share of about 7.6 per cent in 1984 and Distillers' Tanqueray brand with about 7.5 per cent of the market, according to Impact, the international drinks newsletter. IDV, the Grand Metropolitan drinks subsidiary, exports Bombay, a premium-priced gin to the US. The proposed tariff increases will take the price of the imported gin up from about $11 a bottle to between $16 and $17 according to the industry.

Top-selling gin brands in the US include other UK-based brands such as Distillers' Gordon's and Booth's brands and IDV's Gilbey's brand. However, these are all distilled in the US and so are not affected by the duty increases. The top selling gin brand in the US is Seagram's gin, produced in Canada.

Belgian plan to axe coal jobs under attack

BY WILLIAM DAWKINS IN BRUSSELS

FLEMISH politicians yesterday criticised plans by Belgium's centre-right coalition Government to cut 8,200 jobs in the country's ailing coal industry.

They dismissed as inadequate the government's BFr 100bn (£1.7bn) restructuring programme, which will lead to the closure of three mines in the coal-producing district of Limbourg, one of the poorest parts of the Flemish-speaking northern half of Belgium.

The announcement of the plan came earlier this week after a three-day cabinet meeting. It was seen as inevitable in an industry which has cost Belgian taxpayers an estimated BFr 168bn over the past 10 years and had been widely expected. But it is bound to contribute to existing tensions between the north and the French-speaking south and add to the political difficulties of Government that last autumn came close to collapsing over regional tensions on other issues.

The 10-year plan will halve Belgium's coal production capacity from its present 6.1m tonnes annually to 3.2m tonnes by the end of 1996. The workforce — all based in Limbourg — will be cut from the current 17,200 to 9,000 by 1991.

The aim is to cut the industry's operating losses from the 1986 level of BFr 16bn to BFr 4bn in 10 years' time, while public subsidies to the industry should be slimmed from BFr 8.5bn a year at present to BFr 4bn by 1996.

Most of the job losses will come from the closure of two groups of mines at Eisden and Genk in eastern Limbourg. The rest will come from the merger of two more operations in the region's western quarter at Beringen and Zolder.

Mr Thyl Gheyselinck, the Government's special adviser on coal and general manager of the nation's coal mines, will become managing director of the surviving operations. Included in the plan is a BFr 28bn fund to cover redundancy, retraining and final operating losses at the mines to be closed, with the balance to cover continuing losses at the pits that remain.

Food production in Africa rose by over 3% in 1986

AFRICA's food production increased by more than 3 per cent in 1986, outstripping population growth for the first time in 15 years, Mr Adebayo Adedeji, executive secretary of the UN Economic Commission for Africa (ECA), said yesterday, Reuter reports from Addis Ababa.

For the first time in more than a decade and a half, agricultural output in Africa in 1986 grew by more than 3 per cent—a figure which is slightly more than the population growth rate," he told a news conference.

Reviewing Africa's economic performance over the past year, Mr Adedeji said the growth in agriculture was most significant, especially considering the locust threat and severe drought the year before.

But he noted that a catastrophic drop in world commodity prices had cut Africa's export earnings by 25 per cent in 1986.

The continent's exports fell to $44.3bn from $60.6bn in 1985 due to the slump in oil and other commodity prices.

Mr Adedeji said the generally poor demand for African commodity exports was unprecedented since the great depression of 1929 and Africa's economic prospects for the coming year were uncertain.

Exports were expected to remain depressed and sluggish in view of the world glut of commodities, but prevailing favourable weather conditions pointed to a further 3 to 4 per cent growth in agriculture.

European trade plea by India

By K. K. Sharma in New Delhi

INDIA IS to make a strong plea next week for better access to markets in the European Economic Community to enable it to reduce its trade deficit, which reached Rs 27.5bn (£1.5bn) in 1985-86.

The plea will be made by Mr P. Shiv Shankar, the Commerce Minister, when he heads a delegation to the fourth session of the Indo-EEC joint commission in Brussels next week.

The minister said India hoped that improved access to EEC markets would be in addition to special trade promotion proposals for assistance in export production and marketing of Indian products. There was a need also for industrial co-operation and joint ventures in India between Indian and European companies with an emphasis on production for exports.

India feels that not enough has been done in respect of trade promotion programmes.

Nato missiles boosted to 316

NATO deployed 80 more cruise missiles in 1986 in the absence of an agreement with the Soviet Union on medium-range nuclear missiles, according to figures released by the Western alliance yesterday, Reuter reports from Brussels.

Nato said a total of 316 Pershing-2 and cruise missiles were deployed in four West European countries at the end of 1986, compared with 236 such systems a year previously.

The organisation gave no further details, declining to release a country-by-country breakdown of where the missiles were stationed.

But, with the figure of 108 Pershing-2 deployed in West Germany remaining unchanged, the new tally of 316 missiles indicated 80 US-built cruises had been moved into Western Europe last year.

Under a 1979 Nato decision, five West European countries—West Germany, Italy, Britain, Belgium and the Netherlands—were to take a total of 572 intermediate-range (INF) systems to counter the Soviet Union's 270 triple headed SS-20 missiles — aimed at Europe.

The first four of these countries have begun deployment and the Netherlands says it will begin stationing its allotment of 48 cruises in 1987.

US cuts trade benefits to eight nations

THE REAGAN Administration announced yesterday it would reduce its general system of preferences (GSP) trade benefits on 290 products from eight developing nations, chiefly from Taiwan, South Korea, Brazil, Mexico, Hong Kong and Singapore, Reuter reports from Washington.

Mr Clayton Yeutter, US Trade Representative, also announced raised GSP benefits, beginning on July 1, on trade in 95 products from 10 countries, including the Philippines, Colombia and Malaysia.

The GSP adjustments announced included dropping benefits for Romania, Nicaragua, and Paraguay, because they had not shown progress in increasing workers' rights. A review of workers' rights in Chile would continue for another year.

Congress gives trade preferences to developing countries to spur their economic growth.

Spanish socialist unions ahead

BY DAVID WHITE IN MADRID

SPAIN'S General Workers' Union (UGT), the labour federation allied with the ruling Socialist Party, has maintained its overall advantage over its Communist rival in elections for employees' representatives in about 60,000 companies, according to unofficial estimates.

However, while the UGT is believed to have doubled its previously narrow three-point lead and to have scored strongly in small and medium-sized companies, the Communist-led workers' commissions dominated in large state enterprises and in companies employing more than 750 workers.

The more spectacular wins by the workers' commissions include Spain's private banking sector and the country's two largest single employers, the state-owned Renfe rai network and the semi-state telecommunications company Telefonica.

The elections, the first since the Socialists came to power four years ago, were held between October and December. The UGT, which was a signatory to the last two-year labour pact with employers and the Government and which is expected to join a fresh agreement this year, is believed to have won just over 40 per cent of the 168,000 representatives, with workers' commissions taking 34 per cent.

These were the fourth elections of their kind since free trade unions were re-established in 1977. Workers' commissions came out on top in the first two elections but the UGT nudged ahead in 1982.

UN confirms Turkish troop build-up in Cyprus

BY ANDRIANA IERODIACONOU IN ATHENS

UNITED NATIONS officials in Nicosia yesterday confirmed an increase in the number of Turkish troops in the occupied northern sector of Cyprus.

The troop build-up has coincided with the deadlock in UN peace efforts aimed at establishing a two-zone federal republic on the island, which would accommodate both the Greek Cypriots and the Turkish Cypriot community, comprising 18 per cent of the population.

The UN officials said there was "absolutely no indications" of an increase in the number of Greek troops on the island. They declined to cite a figure for the Turkish troop increase but said the UN had an estimate at its disposal.

The Greek Cypriots have accused Turkey of increasing the number of its troops in the north by 25 per cent last year to approximately 36,000 men. Turkey has also reportedly deployed offensive air-to-surface rockets, increased its anti-tank weapons and transport trucks and modernised its fleet of attack helicopters in Cyprus.

Mr Javier Perez de Cuellar, the UN Secretary General, confirmed an improvement in the Turkish forces in Cyprus in his report to the Security Council in early December. According to UN officials, the report confirmed armed purchases for the Greek Cypriot national guard, but said that these served defensive purposes.

Leader of Swedish Centre Party quits

MRS KARIN SODER resigned yesterday as leader of Sweden's Centre Party on the grounds of ill health, Kevin Done reports from Stockholm.

Mrs Söder, Sweden's first female party leader and a former foreign minister, has led the party for less than a year.

She took over from Mr Thorbjörn Fälldin, the former prime minister, at the beginning of 1986 following his resignation in the wake of the party's poor election performance.

The choice of successor to Mrs Söder will be crucial to the non-socialist parties chances of co-operating in the run-up to the 1988 general election in a bid to oust the ruling Social democrats.

Chad troops in fierce oasis battle

BY DAVID HOUSEGO IN PARIS

CHAD government forces were yesterday reported to be engaged in heavy fighting with Libyan troops for the control of Fada, a desert oasis in the north east of the country.

The fighting followed an attack by the troops of President Hissein Habre on the Libyan garrison of Fada which lies 120 km from the 16th parallel. Over 1,000 Libyan troops are believed to be stationed at Fada, which is one of the main Libyan strong points in the northern desert of Chad.

The attack by government troops marks an important step in President Habre's campaign to dislodge the Libyans from the north of Chad where they occupy territory above the 16th parallel. The Chad army is heavily dependent on French military supplies.

In penetrating beyond the 16th parallel, one of President Habre's aims is to draw France deeper into the conflict. The French position is that it will help defend Chad from attack but will not be drawn into an offensive against Libya north of the 16th parallel.

Saboteurs damage 100 Nato tanks

SABOTEURS have damaged more than 100 US-built M60 tanks in a Nato storage and maintenance camp in Luxembourg, Mr Marc Fischbach, the country's Defence Minister, announced yesterday, William Dawkins reports from Brussels.

Mr Fischbach gave no estimate of the cost of the damage, which mainly consisted of broken protective glass and smashed or scratched optical instruments and gunsights. The Luxembourg justice department, which has been conducting an internal inquiry into the incident for three weeks believes there was no political motive.

Planter McCulloch's last stand

By Justin Wintle

ON MY second day in the town of Sitiawan in the Malaysian State of Perak I said to Norbert I wanted to meet a planter.

"That's easy," my Indian host replied in a while. "I'll introduce you to Mac. We'll drive over and see him this afternoon."

Stewart McCulloch, the son of a sheepdog genealogist, lived just three miles away. His bungalow, raised on stilts, had once been the residence of the assistant manager of the Sitiawan Estate. Inside, the fan, a nasty modern plastic job, was spinning slowly. The rattan furnishings, however, were for real.

As I sat Mac handed me a pile of A5-sized colour photographs, taken ten years or so ago. Elephants, a boy fishing, a yacht, and some Malays roasting baby deer in the jungle. I looked at these and listened. Mac had already begun his story. With another appointment two hours later he didn't want to waste a moment.

Born in Canada, but schooled in Scotland. Now 67. With the onset of the second world war he volunteered for the Indian Army. Tank protection corps. Then came Burma. Wounded. Back to India. Served as consultant to the Chinese officer training programme. Fearful business. The Chinese permitted a casualty rate of 20 per cent. One cadet shot dead on the spot for backing his truck into a Dakota. To encourage the others.

— M/C 40 Brevier TKH —

Then it was Burma again, as Captain McCulloch of Intelligence, serving alongside the Gordon Highlanders. Japanese most awkward customers. Always refused to surrender. Preferred to detonate their grenades instead. You had to shoot them. It was either him or the both of you.

For his pains Mac was awarded the Military Cross. Then he was demobbed and sent to Edinburgh university to study agriculture. Never worked so hard in his life. But he didn't finish. Had a cousin already working in Malaya. Why not come out? the cousin said?

Went out. Worked for Barlow's. Rubber. Already spoke Hindustani.

The Communist Emergency? Yes, that was tough. Slept between sandbags for 12 years. Own guard, own military escort, and armoured cars. Two-way radio in the bungalow. Couldn't go out much. No social life beyond badminton with the local constable. Spent all day on the estate anyway. Lucky. Remember stuttering Thompson. Went to St Andrew's Ball in KL. His two children murdered in their sleep. And then there was the Hairy One, a woman bandit. Viciously assaulted a colleague.

Never married. If you married an Asia the company sacked you. Not on. But girls no problem, except there was never enough time for them. Certainly not what you might imagine. Sitting around playing bridge with a gin sling in each hand—disappeared completely after the War.

At 55 compulsorily retired. New policy. Malay plantations to be run by the Malays. And why not? They do the job just as well.

Went to the Phillippines. Eighteen months. But came back. Had to start wearing guns again. Being watched. Then Sumatra. Lasted six months there. Children working a fourteen hour day for a bowl of rice and biscuits. Tigers with faces as big as bicycle-wheels.

Bought this place. Run the yacht now. Bought it off a colleague's widow. Had it thirty-six years. Sometimes hire it out, sometimes use it it to train youngsters. Helped start the Sea Scout movement, here in Malaya. Paint pictures when the time can be found. Which isn't often . . .

Two acres of garden. Curry leaf, coffee tree, elephant's ear, jak-fruit, Penang nutmeg, henna, hibiscus—pretty well everything. Even a shrub you can use for polishing your finger-nails. But best of all the moonflower, which opens at night, just once, and dies.

Justin Wintle, the author, will be contributing occasional pieces from Asia and the Pacific.

Ivo Dawnay and Tim Coone report on the Brazilian economic pressures that led to a link-up between two carmakers

Flirtation that ended in a shotgun wedding for VW and Ford

THE marriage of Volkswagen and Ford in Brazil and Argentina has been perhaps the only predictable event in a nightmarish business year for the manufacturers' Brazilian operations.

Though the link-up was under discussion long before Brazil's anti-inflationary price-freezing Cruzado Plan had reached the statute book, the measures transformed a coy flirtation between the two companies into a shotgun wedding.

While both had the option of carrying on separately, the prospect of another year's loss-making production—the fifth in succession for Ford—was decisive for the parent companies in Wolfsburg and Dearborn.

The motor industry is regarded by most disgruntled Brazilian businessmen as the most visible example of the perversities that price-freezes impose. Surging demand could have made 1986 a record year, but price distortions, rows with component suppliers and dealers, and several strikes have devastated the balance sheets.

When the Cruzado Plan was launched, the manufacturers were about to introduce a routine 28 per cent price rise. Instead, as wage increases gave consumers unprecedented disposable income, waiting lists stretched to eight months, and second-hand models commanded premiums of up to 50 per cent over new list prices, the companies saw losses on every car made.

Disputes with components suppliers over pricing lead to lost production. As the industry reeled from a 30 per cent tax increase in July, some 18,000 cars sat uncompleted in the yards. In November, with demand still huge in spite of a further 80 per cent price and tax rise—just 20 per cent for the industry—the manufacturers were paralysed again by a dealers' strike. Sales dipped to just 40,000 vehicles, or 48 per cent down on anticipated levels.

Against this background, the creation of Autolatina, the new holding company of the VW-Ford collaboration, was viewed by many as a reproach to the Government for decades of interference in manufacturers' profit margins.

But can the policies of the Brazilian authorities really be viewed as the midwife of what is now the world's eleventh largest carmaker, with a capitalisation of $1.8bn (£1.2bn), 75,000 workers and capacity for some 900,000 units a year?

The hesitant answer given by Mr Wolfgang Sauer, the new president, and formerly of VW, was "no." The new company was further evidence of a world-

Volkswagen assembly plant in Sao Bernardo do Campo, Brazil

wide trend towards closer co-operation between the majors in an industry with heavy capital costs and low profit margins, he said.

Not only will the benefits come in economies of scale — a 40 per cent increase in capacity for certain components — but also in shared use of costly research and development facilities, test tracks and equipment.

Collaboration on markets is also an obvious plus. High on the list will be building a rival to General Motors' Monza middle market world car, which dominates the most valuable central sector of the Brazilian market. However, it is insisted that strong traditional qualitative distinctions between the VW and Ford marques will be maintained.

A third bonus lies in the Argentine link. At just 140,000 cars a year, the market is marginal compared with Brazil's 1m, but the diplomatic initiative to lower or remove duties across the border could not have come at a better time.

Access for Argentine-built product — the up-market Ford Sierra for example — will allow it to escape the stagnant home market, operating at some 50 per cent capacity, into car-hungry Brazil. Equally Ford would like to try its racy Brazilian Escort south of the frontier.

Already several manufacturers are talking of selling much cheaper Brazilian components to Argentina, while kits or ready assembled vehicles could return under the dollar-for-dollar exchange arrangements.

However, there was some suspicion from Brazilian commentators that the link-up was a precursor to a Ford withdrawal from Brazil. Mr Wayne Booker, Ford Brasil president and now Autolatina managing director, denied the claims.

"The principal reason for establishing this co-operation with VW, from our perspective, was the idea of finding a way of staying in Brazil, but in an efficient and profitable way," he said.

In spite of labour costs of $2 per hour, against $13 in Japan, and a potential market of 1.5m units a year, many carmakers are growing increasingly sceptical about finding the gold at the end of the end of the Brazilian rainbow. Many fear that the country has used the foreign multinationals as a hard-currency cash cow, seduced by export credits into supplying the domestic market at a loss.

Mr Joe O'Neil, a former Ford Brasil president and now a Sao Paulo consultant, puts it more generously: "Developing countries often have more things on their plate than they can really afford. Every time you try to balance the books it means price controls. Automobiles, which happen to be foreign-owned, don't upset the local industrialists."

The most pressing issue for Brazilian carmakers is what will happen to the export lures that drew many of them in the first place? Already the so-called Bifiex tax credit has shrunk from 27 per cent in the early 1970s to 14 per cent today, and is due for review at the end of the decade.

Last month, a respected Brazilian newspaper announced that President Jose Sarney was about to reveal that a major new manufacturer was about to set up a production facility. But the weeks of silence that followed were only broken when Renault declared that it had decided to press ahead with a components plant but hold fire on a full assembly facility.

Nobody is certain whether this was the company the President is said to have had in mind. The most prominent alternative is Honda, which is strongly rumoured to be interested in expanding its overseas capacity in a country with low labour costs.

As one longtime industry observer said: "My money is on the Japanese if there is anyone out there at all — Brazil is a market that requires patience on an oriental scale."

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Ulster border areas head queue for Anglo-Irish aid

BY HUGH CARNEGY IN DUBLIN

THE SEVEN-STRONG team of businessmen from Northern Ireland and the Irish Republic responsible for allocating international aid pledged to back the Anglo-Irish agreement is to start inviting applications for funds in the middle of this month.

Already, 300 unsolicited applications have been received, most of them from predominantly nationalist border areas of Northern Ireland. The programme is organised jointly by the British and Irish Governments and aims primarily at funding job-creating projects on both sides of the border.

Since the signing of the year-old Anglo-Irish agreement — an attempt by London and Dublin to overcome the historic hostilities in Northern Ireland —more than $130m (£89m) has been promised to the fund. The US is the biggest contributor by far, handing over $50m for 1986 and promising two further tranches of $35m each.

Canada has pledged C$10m (£4.9m) over 10 years and New Zealand has pledged NZ$300,000 (£107,000).

The money so far totals only about a third of the amount Irish officials had privately hoped for from the US alone. Under the fund's terms it is to be spent roughly two-thirds in Northern Ireland and one-third in depressed border regions of the republic which have also suffered economically as a result of the troubles.

Priority will go to private enterprise projects, to projects which benefit people on both sides of the border—underscoring the Anglo-Irish agreement's intention of fostering cross-border co-operation—and to improving the quality of life in deprived areas. The overall emphasis is on job creation in a region where unemployment in some places exceeds 50 per cent of the local workforce.

London appointed a seven-man board of senior businessmen from north and south to administer the fund. The group includes a banker, a successful food production and processing manager, an equally successful food importer and a senior executive from one of Ireland's best known companies, Waterford Glass. They are joined by observers from the US and Canada.

The board held its first meeting last month. It does not expect to allocate money until the spring and now has to tackle two problems which makes its job politically and administratively "complicated," to quote Mr Charles E. B. Brett, the Belfast solicitor who chairs the board.

The first of these is political. Ever since the Anglo-Irish agreement was signed in November 1985, it has been bitterly opposed by the majority Unionist community in Northern Ireland for giving the republic a role in their affairs. Unionist politicians have loudly condemned the international fund as an attempt to buy them off and have advised Unionists to have nothing to do with it.

This is one reason why most of the unsolicited applications have come from predominantly nationalist border areas.

The board cannot be seen to be favouring the nationalist community so Unionist hostility must somehow be overcome. Mr Brett, whose house and office have been picketed by Unionists, is guardedly optimistic that this can be done. To help the process he stresses the independence of the board.

"We have made it plain we do not intend to play politics or electioneering — although there are already pressures on us to do both", he said.

He also must be careful that funds do not get diverted inadvertently to groups with links to paramilitary organisations.

If the board does get over those difficulties, it still faces another problem which may prove more awkward in the long-term.

This arises from because the US aid is conditional on its being used to help private enterprise, not public projects.

Many of the preliminary applications are from groups such as sports clubs looking for funds to help them improve their facilities. Others are from public institutions seeking aid for infrastructural projects which probably will not qualify.

Nor is allocating funds to private schemes going to be easy. In both the republic and Northern Ireland there are government-sponsored industrial development agencies which already have substantial funds available for private businesses in such areas. The problem is not finding the money, but finding viable projects to back.

Mr Brett said the board hoped to find what he called "betwixt and between" projects which did not qualify for government grants or aid but which the international fund could provide with seed capital. His example was a border town setting up a company to foster local skills towards setting up small businesses.

NORTHERN IRELAND'S Unionist leaders yesterday launched a New Year petition to the Queen calling for a referendum to be held on the Anglo-Irish agreement.

The petition, to be circulated for a signature across the province, says the agreement puts the Queen's subjects in Northern Ireland "in fear of being deprived of their rights and status as citizens of the UK." The Government has consistently refused to grant a referendum.

Renault UK returns to profit

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE UK subsidiary of Renault, the state-owned French vehicles group, returned to the black in 1985 with pre-tax profits of £1.8m compared with losses of £2.95m for 1984.

This result cut the accumulated losses of Renault UK from £12.8m at the end of 1984 to £11m.

In their annual report the directors say they expect increased profits in 1986.

Renault UK imports and distributes the French group's cars and light vans. Heavy vans and trucks are handled by another wholly owned offshoot, Renault Truck Industries, which also has production facilities in Britain.

In 1985 Renault UK's new vehicle sales jumped from 67,604 to 82,453, which helped lift turnover by 36 per cent to £404m.

During 1985 the number of employees increased from 854 to 896. The income of the highest-paid director fell from £74,850 to £66,860, because of a change of managing director in October 1984 when Mr Guy Bergeaud took over.

The accounts show that one employee was paid between £90,000 and £95,000 last year.

Publication of the Renault accounts means that all but one of the top 10 car import companies in the UK have now filed their annual reports for 1985. The exception is Citroen Cars.

The accompanying table shows the results, but when making comparisons, it should be noted that most of the companies import and distribute only cars and light vans. However, Honda UK includes the Japanese company's motorcycle business in Britain and Mercedes-Benz GB handles the West German group's commercial vehicles, from vans to heavy trucks.

Factory-owned subsidiaries among the top 10 importers are BMW, Citroen, Honda, Mercedes-Benz and Renault. VAG is a Lonrho subsidiary, Volvo is owned by the Lex Service group (the Swedish company imports and distributes its trucks through a separate wholly-owned UK subsidiary) and Toyota GB is part of the Inchcape Group.

MAJOR VEHICLE IMPORTERS

	1984 Turnover £m	1984 Pre-tax profit (loss) £m	1984 Dividend £m	1985 Turnover £m	1985 Pre-tax profit (loss) £m	1985 Dividend £m
VAG UK (VW-Audi)	532	19	14	643	25	18
Nissan UK*	439	48	20	496	51	14.8
Renault UK	297	(3)	—	404	1.8	—
Fiat Auto UK	154	18	—	181	14	—
Volvo Concessionaires	322	23.5	13	359	23	4
Toyota (GB)	182	9.5	3.3	210	11.6	4.1
Honda (UK)	153	0.422	—	162	0.5	—
Citroen Cars	94	(1.5)	—	not yet available		
BMW (GB)	261	16	12	345	18	12
Mercedes-Benz UK	324	4	—	427	10	3

Rating according to 1985 car market shares
* Year ends July 31, all others December 31

Source: company accounts

Textile imports restricted

FINANCIAL TIMES REPORTER

THE UK has for the first time imposed restrictions on imports of textiles and clothing from other EEC countries.

The restrictions form part of the fourth Multi-Fibre Arrangement (MFA), which came into force on January 1. UK import licences will now be required for a number of products made outside the EEC but imported through other EEC countries.

Such restrictions would normally be prohibited by the Treaty of Rome, which allows for the free circulation of goods within the Community whatever their original source. However, the Department of Trade and Industry said the regulations had been agreed by the European Commission 10 days ago under legislation covering quotas for restricted goods.

The products covered are all subject to restriction on direct import to the EEC under the MFA.

Import restrictions have been lifted on some other goods coming into the UK.

BASE LENDING RATES

	%		%		%
ABN Bank	11	● Charterhouse Bank	11	● Morgan Grenfell	11
Adam & Company	11	Citibank NA	11	Mount Credit Corp. Ltd	11
Allied Arab Bk Ltd	11	Citibank Savings	¶12.45	Nat Bk. of Kuwait	11
Allied Dunbar & Co	11	City Merchants Bank	11	National Girobank	11
Allied Irish Bank	11	Clydesdale Bank	11	Nat Westminster	11
American Exp. Bk	11	Comm. Bk. N. East	11	Northern Bank Ltd	11
Amro Bank	11	Consolidated Cred.	11	Norwich Gen. Trust	11
Henry Ansbacher	11	Co-operative Bank	*11	PK Finans. Intl (UK)	11½
ANZ Banking Group	11	Cyprus Popular Bk	11	Provincial Trust Ltd	12
Associates Cap Corp	11	Duncan Lawrie	11	R. Raphael & Sons	11
Authority & Co Ltd	11½	E.T. Trust	12	Roxburghe G'rantee	11½
Banco de Bilbao	11	Equatorial Tst C'p plc	11	Royal Bk of Scotland	11
Bank Hapoalim	11	Exeter Trust Ltd	11½	Royal Trust Bank	11
Bank Leumi (UK)	11	Financial & Gen. Sec.	11	Standard Chartered	11
Bank Credit & Comm	11	First Nat. Fin. Corp	11½	Trustee Savings Bank	11
Bank of Cyprus	11	First Nat. Sec. Ltd	11½	UDT Mortgage Exp.	¶12.25
Bank of Ireland	11	● Robert Fleming & Co	11	United Bk of Kuwait	11
Bank of India	11	Robert Fraser & Ptrs	12	United Mizrahi Bank	11
Bank of Scotland	11	Grindlays Bank	‡11	Westpac B'nking Corp	11
Banque Belge Ltd	11	● Guinness Mahon	11	Whiteaway Laidlaw	11½
Barclays Bank	11	HFC Trust & Savings	11	Yorkshire Bank	11
Benchmark Tst Ltd	11	● Hambros Bank	11		
Beneficial Trust Ltd	12	Heritable & Gen. Tst	11		
Berliner Bank AG	11	● Hill Samuel	§11		
Brit. Bk. of Mid. East	11	C. Hoare & Co	11		
● Brown Shipley	11	Hongkong & Shangh'	11		
CL Bank Nederland	11	Lloyds Bank	11		
Canada Permanent	11	Mase Westpac Ltd	11		
Cayzer Ltd	11	Meghraj & Sons Ltd	11		
Cedar Holdings	12	Midland Bank	11		

● Members of the Accepting Houses Committee. * 7-day deposits 6.69%. 1-month 7.03%. Top Tier—£2,500+ at 3 months' notice 10.05%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6½% gross. ¶ Mortgage base rate. § Demand deposit 6.69%. Mortgage 12¼%.

Call to ease BES rules for inner cities

By Andrew Taylor

REGULATIONS BARRING the use of Business Expansion Schemes for property investment should be lifted in specific depressed inner city areas, the London Enterprise Agency says in a letter to Mr Kenneth Clarke, Employment Minister.

The agency, established by 16 companies to create jobs in inner London, also calls for tax incentives to encourage urban renewal schemes.

It says the changes would allow local investment companies with property management capabilities to establish in depressed inner city areas such as Hackney in London or Moss Side in Manchester.

The agency says its members —including Barclays and Midland banks, British Petroleum and Shell, the oil companies— have established several schemes to convert old buildings into small business workshops.

● Mr Jack Newby, director-general of the Building Employers Confederation, yesterday called for greater efforts to tackle urban decay by private and public sectors acting in partnership.

He welcomed initiatives like the establishment of the inner City Trust, but said this enthusiasm must be channelled and built upon.

Tass and ASTMS join Apex suitors

By Helen Hague, Labour Staff

LEADERS of the white-collar unions Tass and ASTMS, who back plans for a amalgamation of their two unions, have submitted merger proposals to Apex, the clerical workers' union.

The Tass-ASTMS approach is one of at least four merger proposals that the Apex executive will consider at a special meeting in mid-February.

Apex has had to consider merger options because of a sharp drop in its membership, down from 140,000 to 90,000 in the last six years.

A Tass-ASTMS link-up, which the leaders of both unions hope will be endorsed by their members later this year, would squeeze further Apex's dwindling membership base in the engineering industry.

Senior officials from Apex met ASTMS leaders in September, and were told that plans to amalgamate with Tass were well advanced. The Apex executive decided that any merger discussions should proceed on the assumption that ASTMS's plans to link up with Tass would come to fruition.

Apex is also being wooed by the Amalgamated Engineering Union, the General, Municipal and Boilermakers' Union and the Engineers and Managers Association.

The AEU has given Apex an assurance it would be free to continue appointing its officials in the event of a merger. The AEU elects its officials.

A proposal from Mr John Edmonds, general secretary of the GMBU, that the union's white collar section Matsa should link up with Apex, has been endorsed by his union's executive.

At its February meeting, the Apex executive will consider all merger options submitted and draw up a short-list. It will decide on its requirements and hold further meetings with chosen unions. It hopes to make a recommendation to the Apex annual conference in June.

Apex's choice of a merger partner will have significant implications for the TUC. A link-up with the AEU would enhance the prospect of an EETPU - AEU amalgamation, boosting the strength of the right in the TUC.

The GMBU's influence as a centrist force would be consolidated through taking in Apex, while a merger of Tass, ASTMS and Apex would create a 600,000-strong left-leaning grouping.

Within Apex, the AEU and the GMBU are considered the frontrunners.

Computer staff job mobility still increasing

By Our Labour Staff

JOB MOBILITY among computer staff continues to rise, but the rate of increase in their earnings is beginning to slow, according to a survey for the Industrial Relations Services.

The Computer Economics survey focused on 595 installations employing more than 33,000 computer staff. It found labour mobility rose from an annual rate of 12.6 per cent for the 12 months to October, 1985 to 13.1 per cent in the 12 months to October, 1986.

For the 12 months to October 1986, earnings rose by 11.9 per cent compared with 12.6 per cent in the previous year. In spite of this slowdown, computer staff's pay continues to increase faster than earnings in the whole economy.

Pay and Benefits Bulletin, IRS 18-20 Highbury Place London N5 1QP.

Managers warn BT over dispute

BY JIMMY BURNS, LABOUR STAFF

THE Society of Telecom Executives — the union representing British Telecom's junior and middle managers—has warned the company it will seek to bring the "full weight of the law" to bear on any attempts to intimidate its members when they withdraw co-operation on Monday.

In a letter to BT signed by Mr Simon Petch, STE's general secretary, the union alleges that during the company's last big dispute in 1983 over privatisation members received threatening telephone calls early in the morning and were subsequently told they would be dismissed unless they reported for work. Where members themselves were not subject to this treatment, the letter alleges, their wives were frequently threatened about their partners' future employment.

According to Mr Petch, at the time his union took no action against BT on behalf of its members. However, he warns the company that the STE will not remain indifferent during the present threatened dispute.

The letter, addressed to Mr Richard Worsely, BT's director corporate services, states: "My purpose in writing to you at this time is to say that should the threats currently being made by various managers within BT to repeat this conduct, let alone provide a worse version of it, be carried out then the STE will not follow that course in future. We shall defend any member against unlawful actions by BT with the full weight of the law."

BT said yesterday it was looking into Mr Petch's letter and would respond "in due course." It nevertheless confirmed it would hold fresh talks on Monday with the National Communications Union. The union's membership of clerical workers and engineers is due to begin general non-co-operation on that day. The STE is expected to join the talks.

The STE and the NCU have agreed to co-ordinate industrial action to put pressure on the company to improve its general pay offer of 5 per cent. BT said yesterday the offer was "definitive" rather than final. It is understood, however, that the company is now prepared to alter the terms even at the risk of increasing the overall cost of its pay offer.

The STE has instructed members to withhold co-operation from the company from January 11, the day the NCU plans to start the second stage of its action with an overtime ban.

The union is also holding an inquiry into allegations that BT intimidated some members prior to last month's industrial action ballot.

Job sharing 'more common than most think'

BY CHARLES LEADBEATER, LABOUR STAFF

JOB SHARING is more common than generally thought, though it will be some time before it is accepted as an established form of flexible employment, according to one of the first pieces of systematic research on its use.

A study produced by researchers at the Employment Relations Research Centre at the Essex Institute of Higher Education suggests 45 per cent of Essex enterprises may be operating some kind of job sharing.

The study, based on a survey of employers, found job sharing was most common in the public sector, where more than 80 per cent of employers offer job shares.

Over a third of manufacturing concerns operated job shares, but only a quarter of retailers, the survey found.

It discovered there were generally two distinct forms of job sharing. The first offered two employees who shared a single job the possibility of pay and non-wage benefits in line with those offered to full-time employees. These employees jointly managed the time they spent at work and decisions affecting the job.

However, many companies and employees saw job sharing as merely a more refined, secure, and predictable form of part-time working.

Job sharing offered both company and employees some degree of flexibility over the way working time was organised. Yet it did not easily fit into the theory that companies were increasingly dividing their workforces into core full-time employees and peripheral employees working part-time or on temporary contracts.

Job shares were not core full-time employees but frequently had better terms and conditions than peripheral workers, the study says.

It found most companies thought job sharing would be inappropriate for highly-skilled and responsible jobs. It would, however, also be too cumbersome for low-skilled jobs where temporary contracts, and part-time employment offered more cost-effective ways to achieve flexibility.

Companies with a large proportion of part-times employees were unlikely to favour job sharing, because their managers believed they had already found the most efficient way to achieve flexibility.

The most important factor leading companies to establish job sharing was local labour market conditions. Employers were particularly willing to create job shares for skilled full-time employees who wanted to work less than full-time hours but maintain some permanent relationship with a company.

A few employers introduced job sharing because they saw political merit in it as a way of easing unemployment.

The researchers found job sharing was much more likely to be organised i ncompanies, where line managers had considerable autonomy over new employment patterns, than in more centralised companies. Job sharing was relatively uncommon among small firms.

Job Sharing. Employment Relations Research Centre, Essex Institute of Higher Education, Chelmsford.

Mr Roy Mason: standing down

NUM backs left-winger in Barnsley

By Jimmy Burns, Labour Staff

LEADERS of the National Union of Mineworkers are increasing efforts to have their left-wing candidate selected as successor to Mr Roy Mason, who is standing down as Labour MP for Barnsley at the next election.

Yorkshire NUM members were yesterday urged by Mr Sam Thompson, the local general secretary, to cut short their Christmas and New Year break for a meeting to review the Labour Party constituency's selection procedure.

Mr Thompson has written to miners asking for support for Mr Eric Illsley, an NUM office worker, as successor to Mr Mason, himself a union-sponsored MP.

However, the tradition by which the pitmen's choice is automatically the candidate is being challenged by Labour Party moderates. Taking advantage of what they allege is the diminishing power of the NUM leadership in Yorkshire in the wake of the miners' strike Labour moderates are supporting the candidacy of Mr Ronnie Fisher, a leading Barnsley councillor and a bank cashier.

Competitive pressure 'will change work organisation'

BY OUR LABOUR STAFF

THE well-established structure of work organisation, combining a hierarchical pyramid of management with a strict division of labour on the shop floor, will decline in the next few years in response to competitive pressures, says a report published by the International Labour Organisation.

The report, written by Professor Bjorn Gustavsen, the director of the Centre for Working Life in Stockholm, says: "New, better and cheaper products are required on highly competitive markets. Work organisation must keep step to facilitate this. Moreover new production methods and advanced technology are bringing about qualitative changes in the workforce."

In future work will have to have a "strong motivational component," as well as offering good wages, to meet the aspirations of the multi-skilled employees that companies are creating.

Among the developments he predicts are: an integration of functions on the shop floor; a drastic reduction in the control and supervisory tasks of managers as shop-floor employees take these on; and a change in the role of middle managers, who will increasingly support rather than supervise shop-floor work.

Professor Gustavsen says a shift toward greater worker-participation in decision-making has already become apparent through the growth of employee involvement programmes.

However, the economic pressures leading to shop-floor workers taking on greater responsibility for managing production will also increase pressure for more workplace democracy, Professor Gustavsen suggests. It will become more difficult to exclude workers from decision-making.

Trade unions should recognise that flexibility is a legitimate managerial concern and develop new strategies to cope with these changes and maintain their influence, Professor Gustavsen says.

Evolving patterns of enterprise organisation: The more toward greater flexibility. International Labour Review Vol 125, No 4, ILO, Geneva.

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Saturday January 3 1987

Self-restraint in takeovers

EVEN PEOPLE who have spent this week on holiday must have realised that the last few days have produced some eye-catching news in the City. The resignation of Morgan Grenfell as merchant bank advisers to the Guinness brewing company, and the simultaneous resignation of Mr Roger Seelig, Morgan's star takeover tactician, have made front page news in most newspapers. These developments, which are all related to the handling of last summer's bitter takeover battle by Guinness for the Distillers company, have inflicted further damage on the City's reputation; they are certain to produce more calls from Westminster and elsewhere for tougher controls on the financial community, and maybe even restrictions on takeovers.

But the present position over Guinness-Distillers is one where passions are running high, yet analysis needs to be cool. On the evidence so far, the case appears to be one where the causes of the scandal have to do with an excess of competitive zeal rather than poor regulation, and at this stage there is no prima facie case for new curbs on the City.

Public concern

Nevertheless, the case is a cause for public concern. The evidence which is steadily accumulating suggests that, at the very least, there were breaches of the Takeover Code, if not actually the Companies Act itself, making it a potentially real instance where criminal allegations have been made about a takeover. Investment institutions appear to have been offered inducements to buy Guinness shares to boost Guinness's share price; if Guinness was financing those inducements, that might be a criminal offence since companies are not allowed under the Companies Act to buy—or help others buy—their own shares without due procedures which were not observed in this case.

What exactly went on is being investigated by the Department of Trade and Industry and will be the subject of a report in the months to come. It is clear, though, that the Guinness bid was an extreme example of aggressiveness in takeover tactics, combining as it did one of the UK's most determined company managements with a merchant bank eager to score takeover victories. Morgan Grenfell has made a point of—indeed has even prided itself on—giving its hard-driving executives plenty of freedom to fight their battles as they thought best. Mr Seeling had become the City equivalent of a Hollywood star.

This is understandable: in the competitive world of finance the pressure to come up with new ideas is intense, and a merchant bank must give its people enough leeway to be creative. Judging by Morgan's extraordinary success in the takeover business (it handled deals approaching £15bn last year, far more than its nearest rival) it knew how to deploy its talents to good advantage. But any organisation must strike the right balance between freedom and discipline, particularly if, like Morgan Grenfell, it is also a bank whose soundness is a matter of prudential concern. That balance does not appear to have been respected in the Guinness case, with the consequences that we are now witnessing.

Turning point

Because of this, the Guinness affair may well mark something of a turning point in the conduct of takeovers in the UK. Morgan, and Mr Seelig in particular, set standards of ferocity in attack as well as defence which other merchant banks were forced to match if they were to retain their clients. But after this week, Morgan may be expected to set a more moderate pace; and to restore its clients' confidence it may have to tighten discipline. If this were to lead to greater self-restraint in the City at large, this would be welcome.

The purpose of the takeover business is not to make stars of those who arrange them or to earn merchant banks high places in the league tables by which they — but few others — lay such heavy store. It is to maintain pressure on publicly quoted companies to operate efficiently, and to aid structural changes in industry: because of this, sensibly planned and well-executed takeovers are in the public interest.

The full story on Guinness has yet to be told. But so far, the affair does not necessarily reinforce the currently fashionable case for tighter regulation of the City, though it plainly points to the need for greater prudence by takeover practitioners. Although the inquiry into Guinness by the DTI was triggered by a tip-off from the US — a point which needs to be carefully noted by the authorities in Britain — the DTI now enjoys enhanced powers to investigate allegations of wrongdoing in the City as a result of the new Financial Services Act, and these should be given a chance to work, along with the new regulatory system created through the Securities and Investments Board.

POLITICS TODAY

Wars of the Tory succession

By Malcolm Rutherford

HAROLD MACMILLAN was around in British politics so long that almost anything can be said about him without fear of total contradiction: he played almost every role there was to play, good and bad, tragic and comic.

Lord Attlee said that he believed Macmillan was so disenchanted with the Conservatives in the 1930s that he would have joined the Labour Party and probably become its leader, had it not been for the Second World War.

Yet he became Conservative Prime Minister in 1957, had a brilliant first half until about mid-1960, then went downhill almost all the way until his resignation through ill-health in late 1963.

He was the man who restored the Tory Party's fortunes in the aftermath of Suez, yet almost destroyed them again when he departed with no obvious successor and no agreed means of finding one.

During the Suez affair, when he was Chancellor of the Exchequer, he was "first-in, first-out." Lord Butler wrote of him; "He switched almost overnight from being the foremost protagonist of intervention to being the leading influence for disengagement."

Hugh Gaitskill, the leader of the Labour Party, thoroughly distrusted him as Prime Minister. Harold Wilson, Gaitskill's successor, openly admired him.

The Tories, too, have mixed views. To some he was the epitome of the Party's "One Nation" tradition established by Disraeli and said to have been abandoned by Mrs Thatcher. To others he was the Prime Minister who let the rot set in: rising inflation and loss of control over public expenditure.

When he left office, he gave the impression that he had gone for good. He accepted, he said, the "inevitable 'E finita la Commedia.' It is tempting, perhaps but unrewarding to hang about the green room after final retirement from the stage." He saw no point in going to the House of Lords, yet 20 years later he did and came back to haunt the Conservative Party as the Earl of Stockton, the name drawn from his pre-war constituency when he was out in the Tory cold.

He cast a spell over the Party until the end. A slightly dissident Cabinet Minister would murmur: "I saw Harold Macmilan the other day and he was saying: 'You can't have an unpopular Chancellor. You need someone solid, reliable like — like — Heathcoat-Amory.'" (Amory was one of several Chancellors in the Macmillan period.) And so, in the insidious way of Tory gossip, the word went round that the Earl of Stockton thought that Nigel Lawson must go.

It is said that he was the first British Prime Minister to master performing on television. Yet television also contributed to destroying him. For the declining period of his premiership coincided with a renascence of British satire "Beyond the Fringe" and the television series "That Was The Week That Was." Amid the Vassall and Profumo scandals, Macmillan with his Edwardian manner was hit and wounded practically every week.

No one who was around at the time can fail to remember how politically awful that period was. In January 1963, General de Gaulle gave his press conference indicating that there was no hope for British entry to the Common Market—Macmillan's boldest bid—in the same week that Gaitskell died. The sex and spy scandals followed each other relentlessly. "Whither Macmillan?" was a common theme of the press and we now know from the diary of Harold Evans, his Press Secretary, that the atmosphere at No 10 Downing Street was that of a bunker. Resignation was contemplated throughout 1963, though in the end it came only with illness and, ironically, only a day or two after the Prime Minister had decided to stay on.

Yet this was the same man who only a few years before had seemed to take almost anything in his stride. How did the transformation come about?

One answer is that Macmillan came to the premiership too late and stayed too long. Another is that the Tory Party becomes restless when it is not doing well. A third is that the press can become pretty vicious when it begins to be bored by a government. *The Times*, for instance, was writing in 1962: "Eleven years of Conservative rule have brought the nation psychologically and spiritually to a low ebb." A fourth is that any Prime Minister depends to some extent on luck and riding the climate of the time; the time; the trouble with luck is that it tends to run out, and the climate can change.

The situation might have been easier if there had been an obvious successor; there was not. Macmillan also had a tendency to panic when the going got rough. In July 1962 he sacked seven members of the Cabinet including the Chancellor, Selwyn Lloyd, in order to give the Government a new look. The move back-fired. When Selwyn Lloyd entered the chamber for the next Prime Minister's Question Time, the ex-Chancellor was cheered by Tory back-benchers. Macmillan was losing control over the party he had once united.

The succession question was all-important and remains so in the Conservative Party today. For all their outward assurance, the Tories have never quite known how to handle it.

Churchill's natural successor was Eden, and had been for years. Yet Churchill stayed and stayed and when Eden finally sought to force the pace at the end of 1954, Churchill asked "How do you get on with Harold (Macmillan)?" Eden replied: "Very well. Why?" "Oh," said Churchill, "he is very ambitious."

Eden got it, but both Macmillan and Butler were left waiting in the wings. As early as 1946 Hugh Dalton, the Labour Chancellor, had written in his diary that both of them were trying to oust Eden as acting leader during Churchill's absence.

When Eden resigned after Suez, Macmillan and Butler were the only two possible candidates to succeed him. The soundings were conducted by Lord Salisbury, the Lord President, and Lord Kilmuir, the Lord Chancellor. All other Cabinet members were asked to come and see them one by one. According to the official biography of Eden by Robert Rhodes James, all of them began by saying something like: "This is just like being called to the headmaster's study."

Salisbury asked only one question: "Well, which is it (sic) Wab or Hawold?" The overwhelming majority recommended Macmillan. So did Churchill.

It was fine while it lasted. Macmillan did restore the unity of the party. He won the general election of 1959 with an overwhelming majority. In particular he repaired British relations with the United States, helped by the fact that he had been on close terms with Eisenhower during the war

About three-quarters of his time as Prime Minister, Macmillan said, was spent on overseas affairs. That is not a criticism; in the circumstances of the time; it was probably unavoidable. He set Britain on the road towards Europe; he played a large role in securing the partial nuclear test ban treaty; he presided over the second wave of decolonisation, the first having been India under Atlee.

In early 1960 he made a six week tour of Africa, culminating in the winds of change speech before the South African Parliament. Can ayone imagine a British Prime Minister daring to spend six weeks abroad today, let alone in Africa, though Macmillan said privately that it was just that he wanted to get away from London in the middle of winter?

It is not quite true that he neglected the economy. The "never had it so good" speech was misleadingly reported. In the next paragraph he asked. "Is it too good to last?" He went on to give a warning about inflation: "Can prices be steadied while at the same time we maintain full employment in an expanding economy?" The Press gave the wrong emphasis.

He did, however, treat too lightly the resignation of Chancellor Thorneycroft and others of the Treasury team, including Enoch Powell, in protest over rising public expenditure, something for which Mrs Thatcher seems never to have forgiven him.

He did not recognise the need for trade union reform nor the extent of Britain's impending relative economic decline, but neither

What he did neglect was the Tory Party. Macmillan became like Churchill in thinking that although he ought to go, none of his likely successors could emulate him in foreign policy, so therefore it was better to stay. The theory was that there were three front runners among the younger generation: Edward Heath, Reginald Maudling and Iain Macleod. In time one of them would "emerge" as the natural leader. Macmillan, again like Churchill, was determined not to have Butler

When the climax came, he assumed that Lord Home—the eventual successor—would not be available, and plumped for Lord Hailsham. The best of the party erupted not because it had much against Home, but because of the manner in which the proceedings were conducted. (Cyril Connolly had written of Home in his school days at Eton that in the 18th century he would have been Prime Minister before he was 30.)

It is said that it is different today. Tory leaders are now elected by the Parliamentary Party. That was the way in which Mrs Thatcher displaced Mr Heath in 1975, though in fact that was more of a coup than a contest: nobody thought she would win, so William Whitelaw did not stand in the first ballot when he might have persuaded Heath to stand down.

Some day what happened to Macmillan could happen to Mrs Thatcher. She might be ready to go, but anxious to keep control of foreign policy and conscious that there is no obvious successor, so she stays too long.

Old Tories, like Whitelaw, hope that a successor will "emerge" in time. There is none at the moment. Mrs Thatcher is safe provided that she wins the general election. But two or three years on? The Tories can be very vicious when it comes to choosing a leader—by whatever method.

Post-war Conservative leaders

I. G. Farben

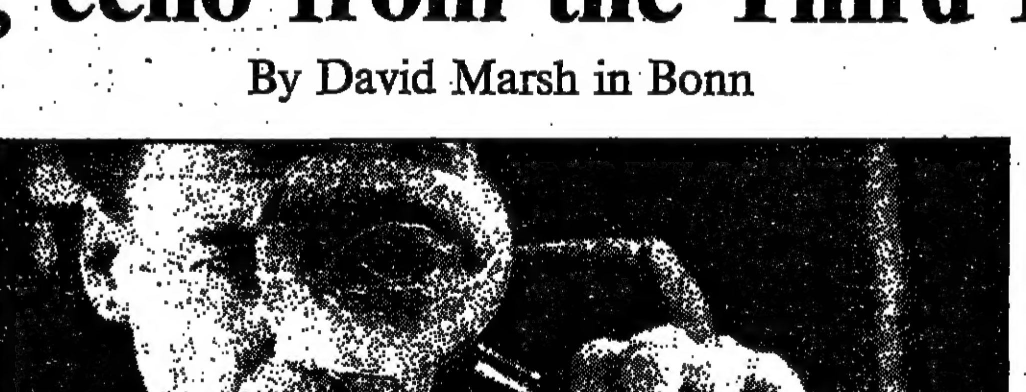
Dying echo from the Third Reich

By David Marsh in Bonn

THE FINAL act is being played out in the emotive and long-running drama of the rise and fall of I. G. Farben, the once-mighty German chemicals group.

The company's fluctuating fortunes have mirrored the vicissitudes of the German nation over a turbulent and tortured century.

Now, with controversy over I. G. Farben's role in backing Hitler stoked up by an 8½-hour, DM 18m West German TV film, Voeter und Soehne, it is enjoying an extraordinary stock market resurrection which could be the prelude, after years in limbo, to a final laying to rest.



Bruno Ganz plays Heinrich Beck, the patriarch of I. G. Farben, in the film to be shown on British TV.

The I.G. Farben cartel was born during the First World War, when it played a vital role in munitions production, and it reached full strength after a wholesale merger of the German chemicals industry in 1925.

Its scientists and engineers became synonymous with the best and worst of Germany. Fritz Haber—the Nobel Prize winner who, in association with BASF, invented the synthesis of ammonia in 1909—provided the breakthrough allowing I.G. Farben to make both fertilisers and explosives. During the First World War he was responsible for poison gas production.

Although at first treated with suspicion by Hitler, partly because of the presence of Jews on its supervisory board (they were later removed), the company moved into the orbit of the Nazis and played a significant part in equipping Germany for the Second World War.

Until the Nazi defeat in 1945 it was the biggest company in Germany and the most powerful chemicals group in the world. But it permanently stained its name by building its own concentration camp to house prisoners from Auschwitz, who were used to build a synthetic rubber plant in the closing years of the war. In the I.G. Farben camp, run by the SS, an estimated 25,000 people were worked to death.

I.G. Farben in Abwicklung (in liquidation) was spawned in 1952 to manage the group's financial assets and liabilities following its winding up by the victorious Allies. Its leading executives were sentenced at Nuremberg for war crimes. The company was divided up, like Germany itself, to contain its power.

It was split into its original component parts—led by BASF, Bayer and Hoechst—which took over what was left of I. G. Farben's industrial plants in West Germany. In addition to shares in these compaies, I. G. Farben's 135,000 shareholders also receive, as part of the winding-up process, liquidation certificates.

The reshaping was an integral part of the Americans' post-war plan for West Germany, to rebuild its industrial muscle and form a bulwark against the Soviet Union.

The "Big Three" chemical groups have steadily eclipsed leading US companies, climbing back to the top of the international chemicals league. In November Hoechst mounted a takeover bid for the US-based Celanese Corporation—one of I. G. Farben's main rivals during the 1930s—which would turn the West German concern into the biggest chemicals company in the world.

As for I. G. Farben in Abwicklung, it has refused to settle into a staid life in receivership. Situated in a quiet Frankfurt street, not far from the chemicals group's monolithic pre-war headquarters, it has grown into a small and successful financial empire.

The company's liquidation certificates are quoted on all eight West German stock exchanges and in Vienna. With a net worth of DM 150m, which has been boosted in recent years through able management of its property and securities portfolio, it has become an exotic and speculative boom stock for German equity buffs.

One of its oddities is the denomination in Reichsmarks (the currency of the defunct German Reich) of its 13m issued liquidation certificates, now trading at DM 9.50 per RM 100 share in Frankfurt, treble their value in the 1970s.

Among its assets are shares in the Duetsche Bank bought in 1936, the most venerable part of a portfolio of DM 90m in securities, vigorously traded by one of the two managing receivers, Mr Guenter Vollmann.

Its liabilities include pension payments to former I. G. Farben employees. The company sends out parcels twice a year to former workers now in East Germany.

On a more sinister note, the company's balance sheet includes a reserve of DM7.4m set aside to cover war claims for damages covering about 6,000 mainly Polish concentration camp prisoners.

Its principal subsidiary is the Ammoniakwerk Merseburg (AMK). Originally set up in 1920 to run I. G. Farben's First World War Leuna ammonia-synthesis plant, near Leipzig, now in East Germany, the plant was a vital cog in Hitler's war machine.

Now, swords have been turned into ploughshares. AWK has transformed itself into a profitable holding company whose assets include a clinic, old people's home and supermarket.

The highlight of activity at I. G. Farben in Abwicklung is a complex legal battle fought to try to recover DM100m from Union Bank of Switzerland. This represents part of German corporate assets confiscated in the US during the war.

As a result of a complex and ironically successful effort by I. G. Farben to conceal its war-time holdings in the US, through the use of a disguised Swiss holding company, assets worth $122m were returned in 1962 not to Germany but to Switzerland, where they have ended up in the hands of the Zurich bank.

The lawsuit could be irksome for the Swiss, says Mr Vollmann. But it could provide rich pickings for investors who have stuck with their liquidation certificates. A total of 51 per cent of I. G. Farben in Abwicklung's shares is in the hands of a German-Swiss investors' group led by a Bremen lighting manufacturer.

The German federal court in Karlsruhe has given a favourable ruling on the claim, but a final settlement could take years of further court proceedings.

However, the action is bound to influence plans being hatched to float AWK, suitably strengthened through transfer of the bulk of I. G. Farben in Abwicklung's assets on the stock market over the next two years.

With the majority of I. G. Farben's remaining assets turned into cash, the way would be prepared for a lump sum to be paid to shareholders, representing the final winding up of I. G. Farben's tortuous affairs.

INSURANCE, OVERSEAS & MONEY FUNDS

Swiss Life Pensions Ltd
99-101 London Rd, Sevenoaks 0732 450161

Equity	£248.28	250.80	—	—
Fixed Int.	£152.57	153.59	—	—
Index Linked	£114.29	114.86	—	—
Property	£188.52	188.16	—	—
Cash	£142.48	142.48	—	—
Mixed	£219.99	226.79	—	—
International	£198.66	204.80	—	—

Next sub day Jan 2.

TSB Life Ltd
PO Box 3, Keens Hse, Andover SP10 1PG 0264 62188

Managed Fund	147.2	155.1	—	—
Property Fund	117.9	124.2	—	—
Fixed Int Fund	126.9	133.7	—	—
Money Fund	118.8	125.2	—	—
Equity Fund	191.6	201.8	—	—
TSB Pensions Ltd.				
Managed Pension	401.1	422.3	—	—
Deposit Pension	115.2	121.4	—	—

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 394000

Managed	391.0	411.6	-1.0	—
Property	261.0	274.8	—	—
Fixed Int.	157.1	165.4	+0.4	—
UK Equity	463.6	488.1	-0.5	—
Int. Equity	327.5	344.9	-1.9	—
Deposit	157.3	165.6	—	—
Managed Property	205.8	216.7	-0.3	—
American Eagle	108.3	114.0	-1.4	—
Technology	85.1	89.6	-0.5	—
Worldwide Income	173.6	182.8	-1.0	—
Pacific	175.0	184.3	-1.2	—
Australian	87.2	91.8	+0.8	—
Japan	281.7	296.6	-0.8	—
Commodity	104.3	109.8	-0.8	—
Gold	128.2	135.0	+1.3	—
Financial	193.6	203.6	-0.3	—
Income	228.3	240.4	+0.2	—
Special Situations	201.0	211.6	+2.5	—
Preference	134.6	141.7	+2.6	—
Managed Currency	94.7	99.7	+0.1	—
European Spec. Sits.	194.0	204.3	-1.6	—
Ster-Bng	7.4	—	—	—
Residential Property	98.0	103.2	—	—
Pension Funds				
Managed Pension	1150.5	1210.9	+4.1	—
Gilt Pens.	345.8	364.0	+4.1	—
Property Pens.	605.7	635.5	+0.9	—

The Norwich Group
71, London Rd, Peterborough, PE2 9BB 0733 42200

Mngd. Scot Mut.	103.8	109.3	—	—
Man Schroder	99.6	104.8	—	—
Pen Man-Schroder	99.0	104.2	—	—

PBR Fund Management Ltd.
146a Queen Victoria St, EC4V 5AP 01-236 4070

Flexi-Bond	130.0	136.4	—	—
Flexi Pension Bond	119.1	125.2	—	—
Managed Bond		103.1	—	—
Managed Pension		103.2	—	—

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Purchester Managed Funds

Albany	114.5	120.6	—	—
Canada	102.5	108.0	—	—
Irish Life	107.3	113.0	—	—
Royal Heritage	100.0	105.3	—	—
Schroder	96.7	101.7	—	—
Skandia	115.6	121.6	—	—
Target	118.3	124.6	—	—
Tridex	110.6	116.4	—	—
Purchester Managed Pension Funds				
Albany	124.6	130.1	—	—
Schroder	98.1	103.2	—	—
Skandia	120.2	126.5	—	—
Target	108.4	114.2	—	—

Managed by Purchester Securities Limited

Sharp (Albert E.) & Co
12 Newhall Street, Birmingham B3 3ER 021-236 5801

Man-Clerical Med	110.0	114.8	—	—
Pens. Man-Schroder	451.7	475.4	+1.6	—

Towry Law & Co
57 High St, Windsor, SL4 1LX 0753 868244

Clerical & Medical	115.8	121.9	-0.2	—
Guardian Royal Exch	95.5	100.6	—	—
M&G Ass (Life)	109.2	114.9	—	—
M & G Ass (Pens)	124.5	130.9	—	—
Norwich Union Asst Mgr.	52.7	55.5	-0.9	—
Royal Life (UnitLnkAss)	98.0	103.2	-0.2	—
Scot Equitable (Life)	146.2	153.9	—	—
Scot Equitable (Pens)	98.6	103.8	—	—
Scot Mutual (Life)	148.8	156.7	—	—
Scot. Mutual (Pens)	135.2	142.4	—	—
Vanbrugh Life Ass	115.4	120.0	—	—

J. D. Ward & Co Ltd
55 Lincoln's Inn Fields, WC2A 3LX. 01-242 2263

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

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Money Market Bank Accounts

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Special Acc	9.75	7.31	10.61	Mth
Over £10,000	10.00	7.49	10.90	Mth

Western Trust & Savings Limited
The Moneycentre, Plymouth PL1 1SE 0752 224141

High Int Chq Acc	11.06	8.27	12.01	Qtr

Wimbledon & South West Finance Co Ltd
114 Newgate St, London EC1A 7AE. 01-606 9485

High Int Cheque Acc	11.25	8.41	12.25	Qtr

NOTES—Gross: rate to those current from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ⊕ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	27	NEI	8
Amstrad	15	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp	28	Plessey	16
BSR	11	Polly Peck	16
BTR	26	Racal Elect.	15
Babcock	16	RHM	24
Barclays	42	Rank Org Ord	45
Beecham	40	Reed Intnl	25
Blue Circle	55	STC	13
Boots	22	Sears	12
Bowaters	32	TI	40
Brit Aerospace	42	TSB	6
Brit. Telecom	17	Tesco	36
Burton Ord	26	Thorn EMI	42
Cadburys	17	Trust Houses	15
Charter Cons	24	Turner Newall	18
Comm Union	28	Unilever	100
Courtaulds	26	Vickers	36
FNFC	17	Wellcome	17
Gen Accident	75	**Property**	
Gen Electric	15	Brit Land	16
Glaxo	85	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	85	Peachey	24
Guardian	75	**Oils**	
GKN	24	BOM	3½
Hanson Tst	18	Brit Petroleum	50
Hawker Sidd	42	Burmah Oil	32
ICI	75	Charterhall	4
Jaguar	42	Premier	3½
Ladbroke	32	Shell	65
Legal & Gen	20	Tricentrol	8
Lex Service	32	Ultramar	17
Lloyds Bank	38	**Mines**	
Lucas Inds	46	Cons Gold	62
Marks & Spencer	18	Lonrho	22
Midland Bk	48	Rio T Zinc	62
Morgan Grenfell	26		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

1986/87 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102¼	100¼	Exch. 13¼pc 1987	100⅛	.....	—	—
100⅞	97¾	Treas 10¼pcCv '87	99⅝	.....	10.27	11.20
99⅛	92⅝	Exch 2½pc 1987	99⅛	+⅛	—	—
101⅛	97½	Exch. 10½pc 1987	99⅞	+⅛	10.51	11.79
99	93⅜	Funding 6½pc 85-87	99	+⅛	6.57	9.72
101⅛	96⅝	Treas. 10pc 1987	99⅝	+⅛	10.03	10.72
97⅛	90⅞	Treas 3pc 1987	97⅛	–⅛	3.09	8.61
104½	99⅞	Treas. 12pc 1987	101	+⅛	11.88	10.62
99¾	92⅝	Treas 7¾pc 1985-88‡‡	97⅝	+⅛	7.94	10.37
104	96⅛	Exch 10½pc '88	99⅝	+⅛	10.53	10.74
102⅝	95⅝	Treas 9¾pc Cv '88	98⅝	+⅛	9.86	10.75
94⅝	86⅛	Transport 3pc '78-88	92⅝	+⅛	3.23	8.15
102⅝	93⅝	Treas. 9½pc '88	93⅛	+⅛	9.69	10.69
107⅛	98⅛	Treas 11½pc 1989	101⅛	+⅛	11.33	10.78
105⅜	93⅜	Treas 9½pc Cnv 1989	97½	+⅛	9.74	10.74
92⅜	82⅛	Treas 3pc 1989	88⅞	+⅛	3.38	8.29
105⅛	95⅛	Treas 10½pc 1989	99⅛	+⅛	10.55	10.70
104⅛	94⅛	Exch 10pc 1989	98⅜	+⅛	10.17	10.77
107⅛	97	Exch 11pc 1989	100⅛	+⅛	10.93	10.70
93⅛	84½	Treas 5pc 1986-89	89⅛	+⅛	5.60	9.47
110⅛	94⅝	Exch 10½pcCv '89	100⅛	+⅛	10.16	9.86
114⅛	103⅛	Treas 13pc 1990‡‡	105⅛	+⅛	12.27	10.66
108⅛	97⅛	Exch 11pc 1990‡‡	100⅛	+⅛	10.92	10.70
113⅜	101⅛	Exch. 12½pc 1990	104⅛	+⅛	11.94	10.73
89⅜	79⅝	Treas. 3pc 1990	84⅛	+⅛	3.55	8.40
100⅛	89⅞	Treas 8¼pc 1987-90‡‡	93⅛	+⅛	8.80	10.44
106⅛	93	Treas. 10pcCv 1990	97⅛	+⅛	10.24	10.74
86⅛	76⅛	Exch 2½pc 1990	80⅛	–⅛	3.10	8.09
112⅛	99⅛	Treas 11¾pc 1991	103⅝	+⅛	11.34	10.61
94⅛	83⅛	Funding 5¾pc '87-91‡‡	87⅛	+⅛	6.60	9.52
86⅛	79⅛	Treas. 3pc 1991●	80⅛	+⅛	3.75	8.59
99⅞	95⅛	Treas 10pc Cv '91	99⅝	+⅛	10.03	10.07
110⅛	96⅛	Exch. 11pc 1991	101⅛	+⅛	10.82	10.52
		Five to Fifteen Years				
118⅛	103⅝	Treas 12¾pc 1992‡‡	108⅝	+⅛	11.74	10.53

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	70	‡Metsec 10p	78	—	L2.46	2.6	4.4	22.0
[illegible]	45	Mitchell Cotts	68	—	1.5	2.1	9.1	17.5
128	81	‡Moss Bros & Crane 10p.	114xd	—	L2.7	2.9	3.3	13.9
323	210	Morgan Crucible	306	+1	†8.5	1.5	3.9	20.3
23½	15½	‡Morris (W) F.A. 20p	15½	—	—	—	—	—
157	65	Myson Grp 10p	150	.....	†2.63	2.5	2.5	19.4
365	218	‡NMW Computers	218	.....	†6.0	3.0	3.9	12.5
141	27	Nash Inds.	136	.....	1.5	♦	1.6	♦
*27½	17½	‡Neil & Spencer 10p	18	—	—	—	—	—
39	28	Newman Inds 10p	36	+2	†0.8	1.5	3.1	(27.9)
134	65	Noble & Lund 10p	80	—	0.7	4.3	1.2	26.3
65	39	Nolton	48	.....	1.2	2.9	3.5	13.8
150	96	‡Norank Systems 5p	123	−1	m1.5	—	1.7	15.8
286	187	Norcros	247xd	+1	†9.3	2.3	5.3	11.3
217	49	Nu-Swift 5p	217	+1	†3.5	2.1	2.3	29.2
£356½	£228	OCE 9pc Cnv 1987-92	£302½	+3	Q9%	—	f2.9	—
118	80	Oakwood Grp.	90	+2	‡5.0	1.3	‡	12.5
250	173	Office & Elect	175	—	8.5	2.9	6.8	7.1
34	26	‡Omnitech 1p	31	+1	—	—	—	—
36	18	‡Optometrics $0.01	23	—	—	—	—	—
890	500	Oriflame £1	845	—	†24.5	2.1	4.1	16.4
10	5	Ovenstone 12½c	6#	—	Q03.23c	1.9	16.7	3.2
142	85	‡PCT Grp 10p	117	—	d3.2	—	5.6	—
£20½	£13¾	PLM 'B' Sk 25	£18¾	.....	Q23.2%	0.3	3.3	—
195	114	PSM Intl.	195	—	5¼5.5	2.1	4.1	14.4
255	160	‡Pacer Systems $0.01	165	—	L03.84c	3.4	1.6	18.4
78	44	‡Pacific Sales 10p	45	—	3.0	1.4	9.4	10.7
445	246	Parker Knoll 'A'	419	+3	12.0	3.2	4.0	11.0
222	83	‡Parkfield Group 2p	200	+2	3.6	4.2	2.5	12.7
53	17	‡Pavion Intl.	25	+1	—	—	—	6.6
£130	£64½	Do 11pc Cnv Ln '94-02	178	.....	Q11%	—	f14.7	—
617	393	Pearson	626	—	†10.0	2.8	2.3	20.0
50	12	Peek Holdings 5p	43	+1	—	—	—	—
176	88	Peerless	155	+2	6.3	1.5	5.7	(13.9)
519	141½	Pentland 10p	470	.....	†10.75	22.4	0.2	26.6

Miscellaneous

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
147	30	Anglo-Dominion	134	−6	—	—	—
42	19½	Anglo Utd	35	+1	—	—	—
80	23	‡Colby Res Corp.	23	−2	—	—	—
300	115	Cons. Murch. 10c	£1⅞	.....	Q60c	4.4	9.9
44	24	‡Emess Int. Ir10p	39	..	—	—	—
164	70	Greenwich Res	152	+1	—	—	—
327	165	‡Highwood Res.	207	+6	—	—	—
£20¾	£13½	Homestake Mining $1	£17	+⅛	Q20c	—	0.8
310	156	‡McFinley Red Lake	183	−1	—	—	—
285	113	‡Masao Explorations	122	+9	—	—	—
51	28	‡New Sabina Res C$1	39	−3	—	—	—
353	200	Northgate C$1	311	+4	—	—	—
790	513	RTZ	699	−5	22.0	2.4	4.6
£141	£115	Do. 9½pcLn '95-2000	£145½	.	Q9½%	15.5	f6.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✝ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3)
- # Price at time of suspension
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ◆ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided
- ¶ No par value

B Fr. Belgian Francs. Fr. French Francs. ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	60	..	Fin 13% 97/02	£99¾	.....
Craig & Rose £1	£14½	−¼	Arnotts	405	.....
Finlay Pkg. 5p	51	..	CPI Hldgs	42	.....
Holt (Jos) 25p	825	...	Carroll Inds.	143	+2
IoM Stm. £1	78	...	Dublin Gas	18	.....
			Hall (R & H)	102	..
IRISH			Helton Hldgs.	27	..
Fund 11¾% 1988	£97⅛	..	Irish Ropes	145	..
Nat 9¾% 84/89	£92	..	Unidare	290	.....

"Recent Issues" and "Rights" Page 8

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

FINANCIAL TIMES
Saturday January 3 1987

Computer frauds increase in size

BY ALAN CANE

THE AVERAGE amount stolen in any computer fraud detected in Britain has risen eightfold in three years—from £31,000 in 1983 to £262,00 last year — while the maximum loss recorded has gone up from £500,000 to £10m.

Penalties are often light because many companies are reluctant to prosecute computer criminals. A French fraudster who cheated a UK bank of £180,000 was given 30 years to pay it back, easily long enough to raise the cash from the interest on investing his ill-gotten gain.

The latest Computer Related Fraud Casebook lists about 190 examples of computer fraud in the UK since 1959. The authors, Dr Kenneth Wong and Mr Bill Farquhar of BIS Applied Systems, a computer services company, say many of the frauds they describe were never publicised: "Computer fraud often retains its secrecy even after detection," they say.

The larger losses sprang from the growing abuse of electronic funds transfer (EFT) systems, they say. Compared with the *first issue of the Casebook in* 1983, the proportion of cases in the financial services sector has risen from 29 per cent to 37 per cent.

Frauds involving the illegal movement of large sums through EFT systems are simpler than classic scams, where small sums of money are milked away over a long time, but involve much higher risks.

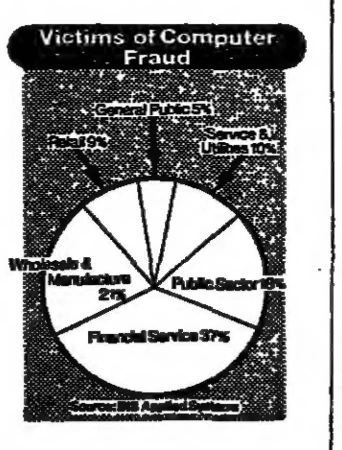
Unscrupulous young executives, Dr Wong and Mr Farquar say, are willing to gamble on the consequences of being detected, given the many opportunities available in normal working for a one-off killing. They are willing to play for high stakes then go into hiding in another country.

Consequently, senior managers who in 1983 were seen as the principal candidates for the bigger frauds, now take second place to their more junior colleagues involved in EFT systems. The conclusion is that miscreants holding management positions have mostly elected to stay with their organisations, while continuing to defraud their employers.

Men are four times more likely than women to go in for computer fraud and they perpetrate bolders schemes resulting in higher losses.

Most of the examples recorded in the Casebook are simple frauds open to anyone sufficiently unscrupulous rather than the computer wizards of fiction. They include:

- Customers who repeatedly withdrew cash from bank automated teller machines while the telecommunications network was overloaded and unable to to monitor the amounts.
- A programmer wrote a "logic bomb" into a system to cause it to fail after a predetermined time. He was called back to fix the fault for a fee of £200 a day. The company became suspicious after the third breakdown and checked on his work. The authors warn, however, that without independent monitoring, detection of a logic bomb is difficult.
- A low cost computer maintenance company secured £20,000 contracts from several organisations. The "trained maintenance engineers" sent



to customers were all school leavers on a government sponsored youth training scheme without any knowledge of computers.

Dr Wong and Mr Farquhar say that in most cases astute management control is the only defence against computer fraud.

Computer Related Fraud Casebook, BIS Applied Systems, (01) 633 0866. (£50).

Irish losing retail sales to Ulster

By Hugh Carnegy

IRISH SHOPPERS crossing the border to Northern Ireland may be costing the economy of the Republic as much as I£250m (£238m) a year.

The trade, fuelled by sharply higher value added tax and excise duty in the south, and by converging currency rates, hit a peak before Christmas as thousands streamed north to Belfast and other towns in search of bargains on petrol, drink, electrical goods, toys and other products.

A predicted rise in consumer spending in the Republic failed to materialise last year, helping to strangle hopes of significant growth. Spending seems to have gone outside the state, principally to Northern Ireland.

Dr Rory O'Hanlon, a frontbench member of the opposition Fianna Fail party, estimates the annual loss to the Republic at I£200m.

And Mr Michael Smyth, economics lecturer at the University of Ulster, believes it is about I£250m a year.

This is based on the fact that in the first eight months of last year, the volume of retail sales in the south fell marginally compared with 1985. Personal disposable income, however, went up slightly. This gap was not accounted for by savings as the ratio of savings to disposable income fell by 2 per cent.

The implication is that a 2 per cent rise in spending has gone outside the state.

The Finance Ministry in Dublin disputes this, but is unable to offer figures of its own. Its best estimate is that 11,000 southerners shopped in the north every Saturday in September, a figure which it reckons rose to 20,000 before Christmas.

The September figure would represent a tax loss to the state of about I£1m per Saturday, it says.

The irony for Dublin is that Northern Ireland's economy is more precarious than that of the South.

Anglo-Irish aid, Page 5

Murdoch loses key round in Australian media group battle

BY CHRIS SHERWELL IN SYDNEY

THE BATTLE for the Herald and Weekly Times, one of Australia's largest media groups, moved into a more uncertain phase yesterday after Mr Rupert Murdoch, the Australian-born international media personality, lost a key round of his takeover fight against rival bidder Mr Robert Holmes à Court.

At a special meeting which lasted several hours the board of the Melbourne-based newspaper and television group recommended that its shareholders accept an improved counter-offer from Mr Holmes à Court which valued the group at A$3.03bn (£908m .

Mr Murdoch reacted angrily. He said the decision defied logic. *Earlier he* had unexpectedly appeared before the board in a last-minute attempt to persuade its members that the lower offer of A$12 a share from News Corporation, which the board backed last month, was still better because it was supported with a superior paper alternative.

However, Mr Holmes à Court's 11th-hour increase in his bid on Thursday, from A$13 a share to $13.50, with a sweetennig of the paper alternative involving his small investment company J. N. Taylor Holdings, apperently proved impossible for the HWT board to ignore.

Although Mr Murdoch appears to be under pressure either to improve his own offer or drop the fight he yesterday indicated he would simply press ahead without the board's recommendation and let shareholders decide for themselves.

The board said its recommendation could change if there was a substantial change in the share prices of companies involved in th ebattle. Analysts suggested this might happen, poiting to firmer prices on the stock exchange yesterday.

*Mr Murdoch's paper alterna*tive to his A$12-a-share offer is for two A$18 5 per cent convertible notes or two ordinary shares in News Corporation for every three HWT shares.

Mr Holmes à Court is offering nine A$7.50 convertible notes or nine convertible preference shares in J. N. Taylor for every five HWT shares, up from the seven-for-four offer which accompanied the initial cash bid of A$13 made on Christmas Eve.

According to Mr Murdoch investors interested in these alternatives will prefer a stake in News Corporation, with its myriad world-wide media interests, to J. N. Taylor, the main assets of which would be those of the Herald and Weekly Times.

Attention now turns to HWT's shareholders, especially to those who wish to remain equity investors in the Australian media sector. The biggest shareholders are Queensland Press, with 24 per cent, and Advertiser Newspapers of Adelaide, with 12 per cent.

Because of cross-shareholdings HWT controls 48 per cent of Queensland Press and 50.1 per cent of Advertiser Newspapers. The critical choice thus rests with Queensland Press, in which Mr Holmes à Court controls 14 per cent. Some analysts believe this will become another takeover target.

As for HWT Mr Murdoch controls 12 per cent and Mr Holmes à Court just less than 3 per cent. Both bidders have indicated they will dispose of some of HWT's assets if they win control.

Cannon expansion to go ahead

BY RAYMOND SNODDY

CANNON GROUP, the film company rescued by Warner Communications last month, is to go ahead with its previously announced plans to establish up to 10 multiplex (multi screen) cinemas in the UK.

Mr Yoram Globus, Cannon's chief executive, said the group *would* carry out its modernisation and expansion programme, following its $75m (£51m) deal with Warner.

Last month Cannon formally opened the first of its multiplexes—a £3m, eight-screen complex at Salford, near Manchester. A 17-screen cinema with 2,800 seats is planned for a site just off London's Piccadilly Circus.

The Warner-Cannon deal included a two-year option for Warner to take a 50 per cent stake in Cannon's European cinema circuits—a total of 525 screens in the UK, the Netherlands and Italy. Cannon and Warner are now setting up a four-man board to run the European cinemas. Future joint cinema investments are considered likely, following detailed assessment of the deal by Warner executives.

Mr Globus said: "It is our *intention to build the cinemas* up as a crown for both companies. With Warner we can achieve our dreams much faster."

The December 23 deal, which included the cinema purchase option, enabled Cannon to pay off £53.3m in debt outstanding from its £175m purchase of Thorn EMI's Screen Entertainment *division from the* Bond Corporation of Australia.

Warner paid $25m for video distribution rights on a number of Cannon films and agreed to purchase convertible preferred Cannon stock for $50m.

Mr Globus, an Israeli-born American who runs Cannon with his cousin Menahem Golan, emphasised the company's British cinema interests would stay intact.

He said: "Elstree studios is not on the block for sale. Elstree will be the busiest *British studio this year.*"

New productions would include films from Spielberg, Disney and Cannon itself.

Mr Globus said Cannon had 40 films in the can, with principal photography completed. It expected a much better year at the box office

Mr Globus said he had high hopes for films such as Over the Top *and* Superman IV, to be distributed in the US by Warner. The company, noted in the past for its buccaneering ways and rapid expansion, would adopt a slightly more cautious approach.

Electricians' strike will hit live BBC broadcasts

By Charles Leadbeater, Labour Staff

BBC live television broadcasts will be hit from midnight tonight as electricians strike over a long-running pay and productivity dispute.

The strike by about 550 electricians will affect live programmes such as Newsnight, Breakfastime, and the Terry Wogan show, as well as outside broadcasts, and programmes in production.

However, the BBC says it will attempt to maintain its full range of programmes despite *the action. The* Arsenal-Tottenham Hotspurs football match, due to be covered live tomorrow, may be shown.

The BBC said no talks were planned with EETPU, the electricians union.

The dispute stems from a 20 per cent wage rise awarded to scene shifters in 1984. EETPU says this has eroded the *traditional pay differential* between scene shifters and skilled electricians.

The electricians voted three to one in December to strike, but delayed the action to avoid disrupting Christmas and New Year programmes.

Mr Harry Hughes, the EETPU executive council member leading the dispute, said: "We gave *the BBC fair notice of this* action to give it an attempt to reopen talks. Over the holiday period I have not heard from them, so the strike will go ahead as planned."

The BBC says it cannot meet the electricians' claim for a 20 per cent pay rise until it has completed a review of terms and conditions for all 5,500 weekly paid staff.

Negotiations, started after electricians voted for a strike in December 1985, broke down three months ago.

The BBC says the union was unwilling to accept productivity savings which could have paid for significant increases in basic pay for electrical craftsmen.

Mr Roger Chase, the BBC's deputy director of personnel, said: "In the coming days the BBC will continue its efforts to convince those concerned of the very real benefits of this approach, which could provide major long-term improvements for all weekly paid staff."

Every electrician would be sent a letter explaining the *background to the dispute* and the BBC's position, he said.

The Broadcasting and Entertainment Trades Alliance, which represents scene shifters, is also in dispute with the BBC over 60 staff in the film and video library who say they have been locked out since December after taking industrial action over changed shift patterns.

It is possible the two unions may join forces to pursue the separate disputes.

Continued from Page 1

Reagan

The target is widely viewed as unrealistic in the light of what Congress believes are essential spending programs. Influential Democrats are floating a deficit figure of $135bn as an alternative.

The OMB said the New York Times's report was misleading in its claim that the Administration would cut farm aid by *half from $25.8bn this year to* $10.4bn in 1992.

A senior official said that this assumed that Mr Reagan's controversial plans to overhaul the federal farm aid programme would be accepted by Congress. He predicted that farm aid would continue to run at about $20bn a year if changes did not take place.

The OMB believes that the cost of Congress doing nothing —assuming the US economy ran on automatic pilot—would be a total budget deficit of some $150bn.

Some commentators believe that the final outcome of the president's budget negotiations with Congress will be a budget deficit figure somewhere between $150bn and *$107.8bn.*

The Commerce Department reporting the 4.1 per cent output increase in November, said orders totalled $200.4bn in November following a 107.9 per cent rise in demand for defence equipment.

The overall increase, which followed a 3.5 per cent decline in October, was the best monthly performance since the 4.4 per cent rise in November 1984.

Without the big jump in the volatile defence category, factory orders would have risen a much smaller 1.13 per cent, after a 1.6 per cent October decline and a 3.3 per cent September rise in the civilian category.

In a second report, the Commerce Department said construction spending fell 0.7 per cent in November

In the report on factory orders, the Government said the defence orders rise was the biggest in more than 12 years, since the 140.2 per cent increase in August 1974.

THE LEX COLUMN

Buying in the January sales

Judging by yesterday's stock market trading, foreign investors take shorter New Year holidays than UK ones. Equities looked quite hungover until Wall Street opened firmer, while overseas interest seems to have spurred the gilt-edged market. Warburg found demand for two five-year Eurosterling bonds, totalling a hefty (for that market) £150m. They in turn generated purchases of similarly-dated gilts, because of *the interest rate* swaps attached. The Government Broker must have seen the same demand as Warburg and a £1bn, seven-year gilt issue followed, presumably targeted at foreigners.

Funding on the back of real demand is always a good idea, but in this case a little risky. The attraction of sterling to the hot money deserting the dollar is the higher oilprice . *If that* should crack, the foreigners would swiftly depart and talk will again be of interest rate rises not falls.

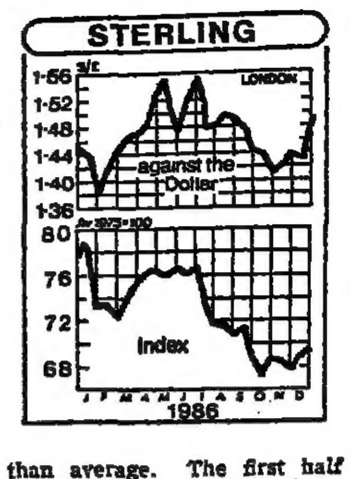
Translation

Sterling's bout of strength on New Year's Eve, though no doubt convenient for foreign exchange dealers' books, was just what finance directors did not want to see. Those preparing calendar year accounts, and using year-end exchange rates to translate overseas profits, could see their earnings slip away with every basis point gain in the pound. Wednesday's 1½ cent rise against the dollar makes a difference of only £700,000 on $100m of US profits. As nearly half of the profits of leading UK companies come from abroad the question of translation is a vexed one.

Under UK accounting standards either year-end or average rates can be applied, although in the US companies are required to translate at average rates. *Among the top* 170 UK industrial companies only a third use average rates, according to a Phillips & Drew survey. Analysts on the other hand, prefer companies to employ average rates in the belief that they smooth out exchange rate volatility. Over a series of years the two methods are likely to even up, and as finance directors find year-end translation much simpler, a widespread switch is unlikely unless the balance of advantage at some time is significantly in favour of one method.

As far as the dollar goes, 1986 has been better for companies using year-end rates

Index rose 6.3 to 1320.2



than average. The first half rise in the pound from $1.44 to around $1.53 brought out much whingeing in interim statements along the lines of "but for the rise in sterling, profits would have been . . ." But with the year end rate back down to $1.48 much of those "lost" profits have been regained.

Meanwhile, companies translating at average rates having gained on the others in 1985, suffered in 1986. The 1985 average rate was around $1.30 while the 1986 average is much closer to the year-end number. While year-end rate translators took virtually all the damage from the dollar's fall in 1985, companies using average rates spread the pain over two years.

The dollar is the most important currency for UK companies, with about a fifth of profits coming from North America. But the real gainers from exchange rate moves in 1986 will be those companies with business in Europe, or competing against Europe in export markets, such as ICI, Unilever and Jaguar. They have had a bonanza as sterling fell by nearly 20 per cent against the D-Mark and related currencies. Perhaps such winners will be less ready to thank currency for their extra profits than some are to blame translation losses for any profit shortfall.

Herald and Weekly

The battle for the Herald and Weekly Times is final—final offers not withstanding—between Mr Holmes à Court's cash and Mr Murdoch's paper. Should Bell vehicle J. N. Taylor succeed, its value, apart from some cash and a woollen mill, will initially be HWT itself (minus any unruly minority).

Similarities exist between Taylor (Media Resources) and the birth and life of Bell Resources — an earth-moving equipment distributor in Western Australia until Mr Holmes à Court alighted on it — but there is a vital difference. The battle for BHP, shares in which constitute most of Bell Resources underlying value, was bound to be a long one (and is still going strong after three years). *Investors there*fore could hardly lose even a side bet that at some point a profitable opportunity to sell would arise. Final judgment on what Bell could do for BHP hardly mattered most of the time.

With HWT, Mr Holmes à Court is seeking immediate control and even if Taylor has been groomed as the next major Bell investment vehicle, valuations based on this prospect stray heavily into the hope value domain.

As some Australian institutions will be attracted by Mr Murdoch's paper, in which they are generally underweight there is no need to rush to *accept — we have not even ha*d the routine legal action threa[t] yet. Further, News Corporation will not take easily the prospect of losing out on the la[st] major stable of media interest available in the country. After all, once you are bidding over 30 times forecast earnings an other couple of points hardl[y] matters in the grand scheme of *things.*

Bid timetables

Yet again the Takeover Panel has been forced to renumber the calendar during the course of bids because the authorities have failed to decide whether to refer them to the Monopolies Commission promptly. Yesterday might have been the real Day 39 in the Valuedale/Simon Engineering saga and today Day 39 for BTR/Pilkington, but the panel has been forced to fix a date two days after the Office of Fair Trading announcement —when they come—as the effective Day 39, with a consequent delay in the rest of the timetable. It should be possible *for the OFT* to make such a decision, however momentous, in the time it takes a merchant bank to post an offer document plus 39 days even with a long Christmas holiday in the middle. A Government interested in the proper conduct of bids ought to ensure that the parties can stick to the schedule.

Poster Continued from Page 1

to dissidents all over the world." Xinhua said an unnamed Chinese resident asked: "What is the VOA broadcast aimed at?"

The Peking Government suffered a great loss of face when the student street march to Tiananmen Square successfully secured the release of students detained at an earlier protest. (Police say 15 students were taken into custody, while students claim there were 24 arrests.)

The Government was further humiliated early yesterday, when the students demonstrated at the square while police simply watched.

A diplomat said the march, which defied a ban on street protests, had raised the stakes in the conflict between government and students and also the question of how long the government could allow illegal actions to continue without allowing its authority to be further undermined.

The loss of authority is likely to be at the heart of complaints by conservative leaders concerned by the loosening of Communist Party control. Statements in the past week show that numerous officials believe ideological and party control must be reasserted, and the sooner the better.

Peking University students, who took the lead in the latest protests, had no plans yesterday for further demonstrations, though some were agitated by a campus rumour that some students were still in custody. They were angered, too, by press coverage of the march, which was attacked in a protest poster pasted up yesterday.

The average Chinese, relying on daily papers for news of the student protests, could be excused for becoming a conspiracy theorist. Blame for the trouble has been variously levelled at Taiwanese-backed agitators and a new political group in Shanghai that apparently has only one member.

Wall posters have become an important medium for protesting students, who were told by this menas of the planned Tiananmen protest and of demonstrations in other Chinese cities.

The government warned this week that people responsible for counter-revolutionary "dazibao"—big character posters—were liable to a jail term

Nevertheless, posters this week have been bold. One told the government to learn from the downfall of the Philippine president, Ferdinand Marcos.

Traditionally, Chinese put up posters if they wanted to draw attention to a wrong committed against their family.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas 5¼pc 2008-12	£62½	+ 2
Exch 12pc '13-17	£119⅛	+ 1⅛
Braithwaite	173	+ 8
Bramall (C. D.)	143	+ 6
Coalite	289	+ 5
F. S. Cons Gold	783	+ 52
GEC	189	+ 5
Guinness	300	+ 12
Hawker Siddeley	455	+ 10
Home Counties	282	+ 7
Legal & General	263	+ 7
Lond M'chant Secs	67	+ 5
MAI	432	+ 4
Rowntree Mack'tosh	411	+ 8
Sedgwick	311	+ 8
TACE	425	+ 15
Tate & Lyle	573	+ 10
Thorn EMI	481	+ 12
Vaal Reefs	57¾	+ 3½
Victoria Carpets	153	+ 5
Western Mining	254	+ 8
Wettern Bros	155	+ 14
Whitbread A	275	+ 5
FALLS		
Pilkington Bros	658	− 7

WORLDWIDE WEATHER

UK today: Widespread frost, severe in N. Bright, dry, cold. Outlook: Rainy, milder.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	15	59	Dallas		—	—	Madeira	C	17	63	Perth	S	25	77
Algiers	S	17	63	Dublin	C	6	43	Madrid	Fg	2	36	Prague	F	6	43
Amsdm.	C	3	37	Dbrvnk.	C	13	55	Majorca	S	18	64	Reykjvk.	F	1	34
Athens	S	16	61	Ednbgh.	C	5	41	Malaga	S	16	61	Rhodes	S	17	63
Bahrain	F	16	61	Faro	F	17	63	Malta	C	15	59	Rio J'o		—	—
Barclna.	S	15	59	Florence	C	13	55	M'chstr.	C	5	41	Rome	F	16	61
Belfast	C	6	43	Frankft.	C	7	45	Melbne.	S	30	86	Salzbrg.	R	5	41
Belgrd.	R	8	46	Geneva	R	6	43	Mx. C.		—	—	S F'cisc†	C	9	48
Berlin	Sn	−5	23	Gibraltar		—	—	Miami†	S	12	54	Seoul	R	3	37
Biarritz	F	12	54	Glasgow	R	4	39	Milan	Fg	2	36	Singapr.	F	30	86
Bmghm.	C	5	41	G'rnsey	H	9	48	Montrl.†	F	−5	23	S'tiago		—	—
Blackpl.	F	7	45	Helsinki	S	−22	−8	Moscow	S	−15	5	Stckhm.	Sn	−14	7
Bombay	S	29	84	H. Kong	C	21	70	Munich	F	3	37	Strsbg.	C	6	43
Bordx.	F	12	54	Innsbrk.	F	7	45	Nairobi	F	25	77	Sydney	C	24	75
Boulgn.		—	—	Invrnss.	S	0	32	Naples	C	15	59	Tangier	C	14	57
Bristol	R	8	46	I.o.Man	S	6	43	Nassau		—	—	Tel Aviv		—	—
Brussels	C	7	45	Istanbul	F	11	52	Nwcstl.	C	5	41	Tenerife	S	20	68
Budpst.	C	6	43	Jersey	C	10	50	N Delhi	S	18	64	Tokyo	Sn	5	41
Cairo	F	19	66	Jo'burg	S	26	79	N York		—	—	T'ronto†	Sn	−3	27
Cardiff	Dr	7	45	L. Plms.	F	19	66	Nice	S	19	66	Tunis	S	16	61
Cape T.	S	23	73	Lisbon	C	16	61	Nicosia	S	18	64	Valencia	S	17	63
Chicg.†	Sn	1	34	Locarno	F	13	55	Oporto	S	13	55	Venice	C	5	41
Cologne	C	7	45	London	C	8	46	Oslo	S	−15	5	Vienna	C	7	45
Conhgn.		—	—	L. Ang.†	S	12	54	Paris	R	6	43	Warsaw	Sn	−10	14
Corfu	F	14	57	Luxmbg.	C	4	39	Peking	S	−4	25	Zurich	R	4	39

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

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WEEKEND FT

Saturday January 3 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Back to the futures

We are obsessed with scenarios and bleak extrapolation. But the future is a nice place to be, says Michael Thompson-Noel

THERE IS no future, says the logician, because until it happens it does not exist. The poet says: there are a zillion futures to the power of infinity. "You cannot fight against the future," was Gladstone's verdict. Longfellow said: "Trust no Future." Another fellow said: "The future isn't what it used to be."

It is a sign of the times that the most effervescent growth sector of the planet's economy is the forecasting business. From Whitehall to Wall Street, Wellington to the Kremlin, we are obsessed with "scenarios," with out-guessing the future. In a world of think-tanks and bureaucrats, brokers and pundits, extrapolation rules! In the US at present there is a surging bull market in glass balls and quartz crystal. "It's hot stuff," says a curator at the American Museum of Natural History. "The healie feelies are making a great market in quartz, and mineral dealers are having a hard time keeping quartz crystals in stock."

In the spirit of New Year, let us polish our own crystal ball, and glance a little way ahead, to tomorrow and tomorrow and tomorrow. It will be a journey without maps, but one guided by experts:

As always, the short-term future looks excitingly bleak. In the view of Old Moore's Almanack, 1987 will be a "year of banana skins," and of world economic contraction. There will be crisis in May, when Mars will be in opposition to Saturn and Uranus, "tearing down the structures of government and order in the third world." The EEC "could approach bankruptcy," but in Britain, where life is "less difficult," we will be celebrating festivals, and yet another royal romance. A UK mini-boom is likely, though mounting election fever could well go "unsatisfied."

Will any of us grow rich in 1987? I jolly well hope so, for the most tantalising prediction my researches have unearthed is the proposition that UK equity markets will light up the heavens for the whole of this year, because of a major conjunction between Saturn and Uranus. The prediction is that of Daniel Pallant, 52, a professional astrologer who studied physics and mathematics, and whose Surrey-based firm, Commodity Consultants, produces "planetary coefficients" under the brand name Astrotrade.

With the aid of computers he has probed the past, analysing all possible correlations between astrological factors and actions in the marketplace. "It sounds simple," he says, "but is desperately complicated. Having studied the correlations, we have established profiles of the markets in terms of the planets, sun and moon. In order to make predictions, we ask the computer to calculate a horoscope for the close of business on each working day. The computer then compares that horoscope with the standard profile in the memory and gives it a score, which is graph-plottable. Trends in the Astrotrade coefficients therefore produce parallel trends in terms of forecast market prices."

Pallant emphasises that his Astrotrade coefficients are "probability curves, nothing else. What we detect are periods of bullishness or bearishness lasting from a couple of weeks to a matter of months, with a 75 to 80 per cent success probability."

His projection for the FT-SE 100 index for 1987 is spine-tingling stuff, for he is predicting nothing less than a year-long bull market—starting about now—that will sweep the "100" to around 2,500 by November 1987. In other words, says Pallant, this year's conjunction between Saturn and Uranus will help propel the index to a point 46 per cent above its all-time record of 1,717.6, set on April 3 1986.

When I blinked at Pallant, and asked if he was preaching pre-determination, he replied: "In a physical environment, it is inconceivable that even a tiny scrap of DNA shouldn't be related to much larger physical processes like planetary motions. We're cosmically sensitive, at least at the physical level. I take the view that there's less free will about our lives than people like to believe."

In most cases, astrological predictions blur into metaphysical mumbo-jumbo. If technicians like Pallant, whose results at least appear to be impressive, can be placed at one end of the alternative forecasting scale, at the other end is the investment consultant in Santa Monica, California, who specialises in the bullion markets by tapping an information source in the "Star Community of Brandon," which is reckoned to be several light years away.

What he beams to his clients in downtown Los Angeles is claimed to be akin to "any other investment letter they get in their offices." Watching everything closely are numerous big American multinationals that are studying all possible options. In New Mexico last July, representatives of major corporations met to discuss "how metaphysics, the occult, and Hindu mysticism might help executives compete in the marketplace."

Of course, most forecasting is dismal. A succinct recent caution was that uttered by John Allen Panlos, an American maths professor, who says that even though mathematics deals with certainties, its applications are only as good as the underlying assumptions, simplifications and estimations fed into them. "Any bit of nonsense, for example, can be computerised—astrology, biorhythms, certain items in the military budget—but that doesn't make the nonsense more valid. Statistical projections are invoked so thoughtlessly that it wouldn't be surprising to see some day that the projected waiting period for an abortion is a year."

To put things frankly: is there any corroborative evidence to support Pallant's prediction of a runaway bull market in London this year? It depends on whom you read, for in many cases the forecasters' print-outs are telling them radically different things, even though on balance the outlook for Britain in 1987 is probably favourable.

In America, the forecasting profession seems in even deeper trouble than it is in Britain, with predictions for 1987 conjuring up everything from slow but steady growth to deep recession and financial crisis.

Yet there are several common threads to current transatlantic forecasts, one of them the notion that while small may be beautiful, big is back. At a prosaic level—that of management theory—there are signs that managers are refocusing their gaze on the virtues of corporate bigness. In short, forget about "excellence." Long live the oligopolies!

At a more exciting level, the idea that enormously large-scale engineering projects are due for a return to fashion may well become a fad. The notion is persuasively argued by Professor Frank P. Davidson of the Massachusetts Institute of Technology, one of the world's leading macro-engineers and a futurologist with 20:20 vision.

He maintains that if the US and its trading partners are to rebuild their economies, it is time to "go macro." To an extent, he says, we are a jaded society. Unlike our Victorian ancestors, we are not greatly impressed by vast undertakings, even when they are dramatic and viable. We are surfeited with vicarious trips to the planets. "In such a world," he asks, "can there be sustained support for artificial islands at sea, for new guideway systems on land, even for the mining and development of lunar resources?"

The answer is Yes! In Macro, Davidson discusses a spectrum of major construction projects that are technically feasible now, and argues that if mankind is to witness another doubling of the world's population within a century, we must be prepared to plan and finance a host of such projects, if only to take care of the housing, feeding, and education of additional billions of people.

Mega-projects he discusses include a transatlantic tunnel (or tube, or tunnel-tube), built in relatively shallow waters between Ireland and Newfoundland, making rail travel a viable replacement for ship and air transport across the North Atlantic; macro-canals; a massive water system that throws a 100-mile dike across Hudson Bay and uses the Great Lakes as its reservoir; a Palestinian homeland built in international waters; space and moon stations, and a determined search for intelligent extraterrestrial life. (It must be there.)

The list is endless, the costs stupendous, although we should not regard the present era as unique in its dependence on large-scale technology, says the professor. Nor should we feel daunted by the large time-scales involved, because big engineering projects outlive the centuries.

Yet there will be more to the future than macro-tonnages. There will be joy and laughter and trivial pursuits. And the robots will arrive—not as lumps of metal, but as our cybernetic friends. In July 20, 2019, Arthur C. Clarke, doyen of the future-gazers, recently provided a dazzling journey through the next 30 years. Fasten your seat-belts:

● **Entertainment.** The future will be fun, with the mass media catering to tastes not now served. Of all the arts, the cinema will change most radically. Film processes that Hollywood could adopt include Showscan, which floods the human central nervous system with powerful stimuli, and "autostereo" (glassless 3-D). Computer-graphic techniques will enable studios to recreate electronically the voices and physical appearances of great stars of the past, so that new movies featuring Greta Garbo, John Wayne or Valentino seem probable. By 2019, personal computers will be fulfilling much of their original promise, while a useful TV gadget will substitute its owner's image for that of any human figure in any TV programme. As a result, ordinary people like you and me will read the evening news, star in Citizen Kane, and Troop the Colour.

● **Sport.** Athletes of the future will employing a range of physical and mental abilities virtually unknown today. And they will have to be grown. Thanks to controlled drug programmes and diet manipulation, the average height of a US professional basketball player in 2019 is expected to be 7ft 8in—about 6in greater than today. Some will exceed 8ft. And they will not be praying mantises. They will be perfectly sculpted, with muscle-clad limbs. By 2019, athletes will train not only in front of videotape cameras, to aid biomechanical analysis, but with portable heart (ECG) and brain wave (EEG) monitors attached to their bodies. Across all sports, horizons will expand. Instead of the marathon there will be the 1,000-mile run, while cycling's Tour de France will become the Tour de l'Europe.

● **Sex.** Because of Aids, and because sexual attitudes are believed to fluctuate in 20-year cycles, things look pretty bleak for the next two decades. Yet a sexual renaissance can well be expected by 2010, bolstered by neuro-science, electrostimulation, pharmacological breakthroughs, "erection pacemakers," and by male-female equality. With jobs, money and power, women will use their new-found collateral to attract younger men. One likely development: honeymoon hotels in orbit, offering zero-gravity sex, perhaps on a commercial wing of NASA's permanent space station.

● **Robots.** At present, most robots are on a level with the insects. But they will not always be factory drones. By the 1990s they could be on a par with shrews and hummingbirds; by 2019, they will be undersea explorers, heavy-construction workers, nuclear power-plant inspectors, cybernetic companions, and astronauts. Eventually, robots will replicate themselves. In the history of intelligent life, they may well be man's successor.

I hope to greet many of these developments with mature equanimity. In 2019 I will be 74 years of age; in 2050, 105, and in 2107, 162. In short, a stripling, still, though perhaps less callow, and certainly tarted up, what with many new organs, rejuvenation therapy, nerve regeneration, a semi-starvation diet to ward off decrepitude, daily DNA cocktails to boost intercellular vigor, plenty of antioxidants, and IQ enhancers—plus, I shouldn't wonder, a new limbic system, cerebellum, cortex, and brain stem.

Whether there is one future, or a zillion, it is a comfortable place to be. One of the best sentences I read last year was penned by Roderick Mann of the Los Angeles Times, writing about Cary Grant. The late Grant, said Mann, "thought young and kept busy and set off on lecture tours and went to the races and attended board meetings and took trips and told terrible jokes and always, always, looked forward to the morrow." Almost in that league was the declaration by Claire Booth Luce, the American octogenarian writer, who said she had read that scientists had isolated the enzyme that makes fireflies glow at night. "They are managing to get this enzyme into plants," she said, "so I refuse to die until I have seen a rose-garden aglow at midnight." In the best of all futures, everything is possible.

BARBARA LOFTUS

The Long View

Time for a different kind of drama

The great financial upheavals of 1986 now look like subsiding, though the ripples are still spreading across Europe. In future, Anthony Harris suggests, the financial markets will be concentrating more on the old basics—taxes and trade; and consumers, on the low-tech mainstream.

WAS 1986 an exciting year, or a dull one? For headline-writers, it was undoubtedly exciting—the great bid wave, the subsequent scandals, the oil price collapse and partial recovery, the collapse of the dollar, and of the US President, the banana skins and the subsequent Tory recovery. Oh, yes, and there was the Big Bang, which has so far made little noise out of earshot of this office.

For investors, however, it has been a pretty dull year; and so it has been for the British economy, and indeed for much of Europe. Everything has moved broadly sideways—except the UK balance of payments, which has, as expected, moved steadily into the red.

Efficient market theorists will have no difficulty at all in explaining this contrast: on the contrary, they are likely to go round looking smugger than ever. The point is simply that the main events of 1986 (except for the Reagan disaster) were broadly as forecast, and were therefore discounted in advance in the markets.

This explanation is a good deal neater than the facts really warrant—the markets were as much stabilised by a nice balance of swings and roundabouts among the surprises as by good forecasting; but it contains a nugget of truth which every investor should remember. When you read that the consensus forecast is, say, for strong retail sales and a series of sterling crises, it is already too late to switch into consumer shares and foreign currencies. Current prices reflect the forecasts already.

Here, then, are some more personal guesses about 1987. They may prove right or wrong, but at least they are not built into the present price structure. Select according to taste.

First, currencies—because, in the long run, they are a major determinant of equity prices. Indeed, if you study equity prices translated into a neutral currency over any reasonably long run of years, it is almost impossible to guess which markets belong to countries with strong currencies and which belong to countries with weak ones. That is simply because falling exchange rates are good for profits.

In future, this rule will work more clearly and visibly. The past record was set up in spite of exchange controls and partly sealed-off markets. In the much more international markets of today, prices will move more quickly to equate expected returns everywhere.

Now for a let-down: after that build-up, I have to add that it looks as if the exchange markets will be much less turbulent from now on; the major adjustments of the major currencies are more or less complete. However, that is not a consensus forecast. British interest rates especially still discount a major devaluation to come; and commentators on the dollar talk of a currency further weakened by falling interest rates.

If, then, as I believe, the dollar and sterling exchange rates already discount a weak current account in the UK, and falling interest rates in the US, then US equities and British gilts could do very well. That message is reinforced if you believe, as some City commentators do, that the British deficit will not be nearly as bad as the consensus expects, and as some US economists are now arguing, that the US tax reform will help manufacturing industry.

However, the US tax reform is going to have far wider effects. When income tax in the world's biggest economy is simplified so as to produce a top rate of 28 per cent (or 33 allowing for some loss of deductions lower down) then the rest of the world is likely to take some notice. Apart from the possibility of a brain drain, or a mass migration of the retired, the propaganda effect is powerful.

In the long run tax reform on US lines is surely very desirable; it leads to sensible incentives. In the short, run, though, it can disrupt all sorts of prices, from low-yielding bonds to property prices in Jersey. There will probably (though not certainly) be well over a year to think about this, but there will be a lot of homework to do. Taxes in Japan and Germany are especially topsy-turvy, and the drama may be seen there first.

The broad effects of tax reform have yet to be tested; but in a general way, the promise is of somewhat higher real incomes, lower interest rates, less financial churning and more selective spending on investment goods, which have to earn profits, not tax reliefs.

That is one reason to expect that demand will tend to switch away from some high tech toys—buy a computer today, puzzle out what to do with it later—and back to the old basic of food, clothing, shelter. Another reason is simply market saturation for some products. The electronics industry can hardly keep up with rapid growth on microwave ovens, CD players and car phones.

A year of healthy, low-tech growth, then? It is possible: but there is one major shadow over this happy prospect. The trade situation is beginning to look quite forbidding, as the news was already showing before 1986 was quite behind us.

The trouble is first, that the vested interests in the Common Market's absurd agricultural policy are so that it has so far been run almost without regard for those outside Europe. President Reagan, in an effort to reassert himself, and to restore Republican support in the US farm belt, will make a very determined attempt to change that. European leaders are at the moment in poor shape to respond—either running for election or beset by crises (or, in Ireland, both running and beset).

I'd still back common sense to win, and remain rather hopeful about 1987; but we could get some nasty protectionist scares before we know the answer.

·CONTENTS·

The 2,000 proves elusive as a volatile year ends

IT'S A long way to 2,000. Wall Street's pursuit of the elusive second Millennium is proving heavier going than was hoped at the beginning of last month, when the Dow Jones Industrial Average touched a record of 1,955.57 on December 2. Without any clear direction from the bond market, where falling yields have been the pre-eminent support for stocks for much of the year, 1986 fizzled out with the magic number no nearer.

Boxing Day was one of the dullest days in Wall Street's collective memory. Traders grumbled at having to man a market on the New York Stock Exchange that saw a mere 49m shares change hands. Those unbeatable optimists who still expected a year-end rally this

Wall Street

week were rewarded with three days of drifting prices that left the Dow 34 points lower.

However, turnover climbed from 100m shares on Monday to 140m on Wednesday. It seems investors were squaring their year-end positions for their tax accountants or realising capital gains for taxation at lower 1986 rates. As traders left on Wednesday for the New Year celebrations in Times Square (or, more probably, the country), the Dow was at 1895.95 with the broader market averages all down from their records earlier in the quarter.

Even so, traders can look back on a year where almost everything was bigger and better than in 1985: volume, voltality, stock price averages, villainy. The Dow Average, a measure of 30 stocks of widldly different capitalisation but equal weighting, rose 22.58 per cent in the course of the year.

On a basis of total return — that is, capital appreciation and dividend income reinvested — the Dow offered US investors a profit of 27.25 per cent while this lagged behind the 1985 return of 33.7 per cent, the Dow proved the best purely domestic portfolio investment after a lump of platinum, which belied its inert nature by handing investors a capital appreciation of 38 per cent.

However, the broader stock-market indices did much worse. The S & P Index of 500 stocks rose only 14.62 per cent in absolute terms (18.57 per cent with dividends); the Composite or All-Stock indices of the NYSE and the Amex by 13.98 per cent and 6.96 per cent; and the Nasdaq, or over-the-counter market of smaller and newer stocks, 7.36 per cent.

This divergence is one of the more puzzling enigmas on Wall Street. Why on earth should an unrepresentative index, consisting largely of rust-belt industries with low or non-existent earnings growth, turn out such a star performer?

There are all sorts of explanations for the good performance of blue chips. The chief among them is that this year's bull market in equities has had little to do with the capitalisation of earnings and a lot to do with discount rates and a dwindling supply of equity.

At the beginning of the year, inflationary expectations collapsed with oil prices, and the spring saw the greatest rally in US bond prices ever. This meant lower returns on bonds and, therefore, more attractive equities—above all in the first half with the Dow touching 1,900 at the beginning of July.

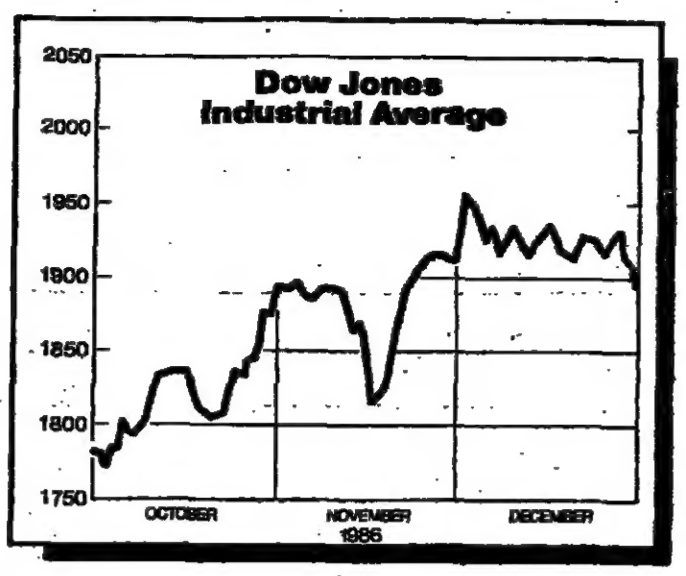
It also meant cheap money and no shortage of investors willing to hold the high-yielding corporate securities (known as junk bonds). Together, these factors fuelled last year's tremendous takeover and restructuring activity (amounting to some $200bn in value, according to Salomon Brothers).

The often large, slow and therefore vulnerable Dow stocks were inevitably the prime beneficiaries of takeover or share repurchases, including such names as Union Carbide, USX, Goodyear and Owens-Illinois. Even IBM bought back shares.

The second reason is the increased foreign (above all, Japanese) interest in US assets, including equities. While a Japanese or German investor who bought the Dow 30 on the first day of last year would have made precisely no money in his home currency by last Wednesday, net foreign purchases of equities multiplied four-fold last year to about $20bn, according to Salomon.

While yen investors seem confident enough about the yen/dollar rate to invest in such eminently illiquid instruments as Manhattan office blocks, it seems that they continue to favour the large and liquid stocks of the Dow as equity investments. Meanwhile, individual US investors, who have tended to buy the smaller and less heavyweight stocks, continue to be net sellers or buy into mutual funds that are increasingly prone to taking the soft option and investing to match the index.

The third reason is the increasing treatment of stocks as



bonds, or even as commodities, to be traded in large blocks the moment a computer sniffs a price divergence between the stocks or such financial instruments as futures or options that are based on these stocks. Two Fridays ago, the market saw more volume traded in a minute than on the whole of Boxing Day because of the simultaneous expiry of various of these fancy instruments. Inevitably, this trading by the megaton is concentrated in stocks kith large throw-weight.

So, will the Dow make 2,000? Wall Street, talkin gits own book, says yes. Analysts have become rather shifty about their earnings projections, which may be knocked sideways by unpredictable effects of changes in corportee taxation. Standard and Poor says corporate earnings rose just 11.2 per cent last year, or about half the 20-odd per cent rise Wall Street industry analysts had expected for the 500.

This year, the average forecast from industry analysts is 21 per cent, but economists and investment strategists are going for a more cautious 12.8 per cent—and they were right last year. Allen Sinai, of Shearson Lehmann, expects earnings growth of 9-10 per cent but warns that higher corporate tax rates will reduce profits and cash flow before reductions in personal tax rates start boosting the economy.

As for merger activity, most people expect this to continue despite the cloud over the market for Junk bonds as a result of the Boesky affair. Further, the tax overhaul that came into force on New Year's Day made 1986 the (italix) year to bust up a large industrial corporation. It could be that the first quarter might be quiet. Many of the tax-driven deals of November and December may have been "borrowed" from 1987.

MONDAY	1912.12—18.28
TUESDAY	1908.61— 3.52
WEDNESDAY	1895.95—12.66
THURSDAY	CLOSED
FRIDAY	

James Buchan

City gets that election feeling

THE ANALYST who drew a line down his page and wrote two scenarios for 1987 — one with and one without an election—might not win prizes for bravery, but he stands to score heavily on nous.

City folk packed up for the Christmas break with two growing expectations: first, that the election would arrive fairly early in 1987; second, that Mrs Thatcher would be back for a third term. The market's progress during December was helped by both — the All-Share added some 25 points to take it just beyond the previous April's high by the year-end.

That optimism might prove well-founded. But more cautious market-watchers point out that there is no guarantee that political progress, or its timing, will be quite as smooth as the City wishes. To start with, the government faces two by-elections in the New Year; Greenwich, at least, where Labour is defending a slim majority, is likely to be read as a general election bell-wether.

So, while recognising that fluctuating political fortunes may well prove the most immediate determinant on the market next year, shrewd investors are looking every bit as carefully at the underlying trends—corporate profits, price ratings, drains and flows on the market, and so on — for the coming year.

Most still find reasons for remaining bullish—at least, as far as the first six months are concerned. True, the economic outlook is a trifle mixed. Activity picked up in the second half of 1986 and GDP for the year overall is estimated to run out at around 2.25 per cent, rising to perhaps 3 per cent in 1987. That might bring a welcome — and politically opportune — fall in unemployment. Equally, though, there seems little doubt that inflation has now bottomed—its low was 2.4 per cent in August—and the weak pound, plus firming oil prices, are likely to push the rate back towards 4 to 5 per cent over the next 12 months.

Earnings, by contrast, showed little deceleration in 1986: wage settlements in manufacturing industry averaged 5.5 per cent in the second half of 1986, according to CBI figures, compared with 6 per cent in the first. Given a similar trend in the New Year, the forecasters expect fairly buoyant consumer spending in the first six months, but a gradual cutback as higher inflation rates bite. For 1987 overall, the increase might run out at 3.5 to 4 per cent, against perhaps 5 per cent in 1986.

Those estimates, of course, assume that Chancellor Nigel Lawson will find room for some tax cuts in what will probably be an election-priming budget —and the level of cuts will depend heavily on oil revenues.

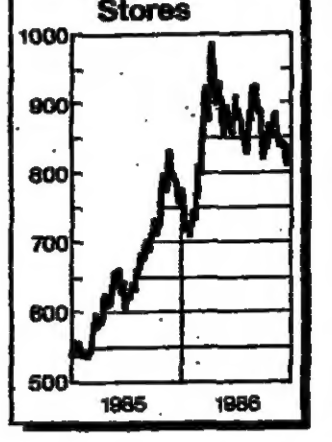
Just as the market found tumbling oil prices a mixed blessing in 1986, so any further strengthening in 1987 looks likely to bring both winners and losers.

On the interest rate front, the market ended 1986 uncertain if the October hike in base rates will prove quite enough to protect sterling. But if a wobbly pound early in the year does push base rates higher, there is a widespread expectation that lower world interest rates and political considerations will engineer a cut later on.

London

So, where does that scenario leave company profits? Here, the bulls come into their own. Nineteen eighty-six saw industrial profits steam ahead by around 20 per cent—perhaps 14 per cent grewth once oils and financials are added in. A good part of that was attributed to falling input costs, not least because of the lower oil price.

The margin boost from that source might not be quite so significant in 1987; but there will be a greater benefit to exporters from the lower pound against Continental currencies, and everyone should enjoy the general pick-up in growth rates. So, estimates for industrial profits growth in 1987 range around the 12-14 per cent



mark; and recovery by oils—after 1986's stock losses—could take the overall figure to perhaps 16 per cent.

That makes existing market ratings look quite reasonable. Nineteen eighty-six saw the price-earnings ratio on the industrials index rise to almost 17 early in May but slip back to around 14.6 by the year-end. If rates of profits growth run out as the forecasters expect, the prospective p/e falls to around 12.5. This certainly makes London look less-than-expensive on an international scale—or, as broker Phillips and Drew puts it: "Rather inviting—assuming a not-unfavourable election outturn."

As far as calls on the market are concerned, 1987 could see a slightly heavier privatisation programme. British Airways is due for take-off this month, raising around £1bn, and British Gas shareholders will stump up their second payment in June—another £1.8bn. If politics permit and the Rolls-Royce and British Airports Authority floats go ahead, the total raised for the Government during the calendar year could top £4bn (and there is still the remaining BP stake).

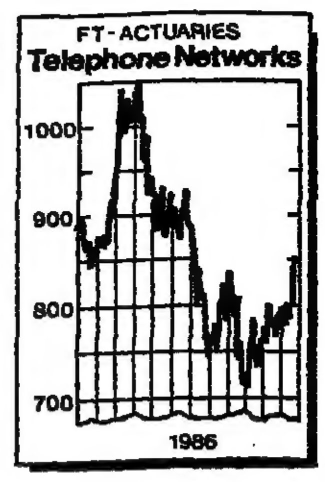
There are few worries about institutional cash flow. Some solid dividend growth and healthy inflows of premium income suggest that this could edge towards £5bn a quarter. Kleinwort Grieveson, for one, predicts that the total sum devoted to UK equity investment during 1987 could reach £8bn compared with under £7bn in 1986—again, assuming that the opinion polls do not provoke a sudden outflow into overseas markets.

On a sector basis, one of the traditional beneficiaries of election fever and government pump-priming is building. Materials and contracting shares have already had a good run in 1986—up by 34 and 28 per cent respectively. That performance has also been fuelled by some healthy profits figures and, not least, BTR's £1.2bn bid for Pilkington and the stake which Adelaide Steamship has been building up in Blue Circle—two of the more interesting situations to watch in the New Year.

Another sector that blossomed in 1985 and now looks to be peaking is engineering. Metals and metal forming, with 42.5 per cent, made third place in the 1986 sector performance list after tobaccos and printing and publishing. While there is no reason for the sector to under-perform, it is increasingly difficult to see where substantial growth will now come from. The easy takeover stocks have been taken out, and many analysts reckon the best hopes rest in the cyclical aerospace industry. A high level of civil orders would not only bring benefits to the likes of British Aerospace but also to components and equipment suppliers such as Smiths Industries.

In terms of consumer stocks the stores sector, after a drab 1986, enjoyed a year-end fillip on signs of renewed consumer spending and news that the January sales—now hot on the heels of Christmas—were off to a good start. That optimism looks likely to spill into 1987 and will certainly be helped by pre-Budget tax-cutting hopes. Another boost—this time to food retailers—could come from the early sale of Safeway's UK operations, with Tesco and Argyll reckoned to be the most likely bidders.

But if rising inflation does dig into consumers' real income



and Britain's credit boom shows any sign of slackening, both sectors could wane in the second half. One company where there will be pressure to perform, though, is Boots following its controversial acquisition of Flint in the US, and the rumoured Hanson stake-building.

More cheerful is the outlook for the electronic and electrical sector. After it had carried the wooden spoon in 1985, and fared little better in 1986, there is a growing conviction that the worst could be over and companies are now sufficiently slim-line for any modest boost in demand to show through to the bottom-line.

Finally, back to a possible election. There is many an analyst ready to swear that the fall in the British Telecom price — one of the worst performers in 1986 — has been overdone on fundamental grounds. Labour renationalisation fears are unlikely to vanish early in the year. But for the Tory faithful, it could be an interesting gamble.

Nikki Tait

Horizon heads for £2m

HORIZON, Britain's third-largest package holiday group, could well surprise the City with its preliminary results for the 11 months to October due to be announced on Wednesday.

Expectations range from break-even to £1.5m, which compares with a pre-tax loss of £2m for the 12 months to November 1985. However, a strong marketing programme and a management invigorated by New Zealand investor Ron Brierley's steady accumulation of shares (he now holds 17.6 per cent) could well see the £2m mark passed.

This suggests a very strong June-to-October second half, given the opening period's trading loss of £7.3m. Aiding the recovery in the figures will be the change of the year end which pushes the usually loss-making November forward into 1986-87.

With its share of the critical summer market now restored to 8 per cent from a depressed 6 per cent in 1985, and early bookings for next summer exceeding expectations, Horizon will be keen to convince the City that the trading profit recovery trend is continuing.

ASSOCIATED NEWSPAPERS announced at the interim stage that its full-year profits would be below last year's £41.9m, and analysts accordingly are expecting Thursday's figures to show pre-tax profits of around £40m.

The setback has been caused by around £11m of redundancy costs at Associated's national titles, the Mail and Mail on Sunday, and at the London Evening Standard, as they prepare for their long-awaited move to Docklands. Energy profits are now heavily weighted towards gas, and seasonal factors should mean a sharp decrease from the first-half profits.

The problems will offset an improvement in trading profits at the provincial newspapers and a lower trading loss at the Mail on Sunday. Profits from magazines, which include the 13-30 group, Esquire and Euromoney, should also be higher.

BODY SHOP'S growth record, and its share price, have defied gravity for so long that the main question mark hovering over the company is how much longer it can sustain this rate of growth.

Results due next week

Preliminary results, due on Wednesday, should suspend disbelief for a little longer, at least, by unveiling an 81 per cent surge in pre-tax profits to £3.5m.

Yet, Body Shop's margins are expected to have suffered in the past financial year from the dual problem posed by the cost of establishing a new warehouse in the UK and of its active expansion overseas.

In the domestic market, the pace of new store openings is slowing. But new product lines introduced since the year-end, such as Colourings and the men's range, are faring well as are the new overseas markets, specifically in Australia and Canada.

WARDLE STOREYS, the plastics sheeting company, succeeded in its £29m bid for RFD Group this year in an unusual deal through which Wardle sold certain RFD divisions to Scapa, drafted in by RFD as a white knight, for £15m. Wardle retained RFD's parachute and rubber dinghy-manufacturing arm.

The group's results for the year to August 31 due on Thursday, are expected to show pre-tax profits of around £5.5m. The core business is expected to have benefited from a good performance by Dedpan in the US and from improved margins in Europe.

The group's managing director, Brian Taylor, is hoping to turn Wardle into an industrial holding company, and analysts will be looking for news of the group's cash surplus and for announcements about acquisition plans.

ABBEY, the Irish construction company, is due to announce interim profit figures on Thursday. Analysts expect around I£3.75m (£3.56m), reaching perhaps I£8.5m (£8.1m), for the year.

Forecasts reflect the strength of Abbey's house-building interests, which contributed 82 per cent of the company's profit last year and are based entirely in the south-east of England. House sales are expected to grow from 762 to 800 in 1986-87 and Abbey should benefit from rising house prices. Analysts are also looking for a possible acquisition in the building sector. The plant hire arm continues to do well.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986-87 high	1986-87 low	
FT Ordinary Index	1,320.2	+19.0	1,425.9	1,094.3	Optimism for New Year
British Aerospace	516	+18	606	421	£60m US orders
Clyde Blowers	230	+53	230	138	New Year recommendation
Consolidated Gold Fields	674	+11	701	409	New Year recommendation
Early's of Witney	178	+20	178	62	Property developments speculation
Finlan (J.)	102	+10	103	56	New Year recommendation
Inchcape	508	+15	511	303	Revived bid speculation
Jaguar	535	+17	585	335	Achieves record production
Just Rubber	74	+ 5	77	48	Newsletter recommendation
Midland Bank	605	+23	606	420	Re-rating ahead of dividend season
Morgan Grenfell	363	−30	516	353	Repercussions of Guinness affair
Norbain Elec	80	+22	190	43	Persistent speculative support
Pearson	616	+26	617	393	Bid speculation continues
Squirrel Horn	94	+18	96	24	New Year recommendation
Standard Securities	250	+30	260	144	Takeover speculation
TSB	77½	+ 4½	102	72¾	Annual results due January 29
Western Motor	196	−19	240	75	Profit-taking after recent strength
Wettern Bros	155	+29	135	67	Awaiting news of bid approach
Whitbread A	275	+19	315	227	Brokers regard shrs as "undervalued"
Williams Holdings	575	+32	740	395	New Year recommendation

Alice Rawsthorn gets some inside views on the old and the new

When small is profitable . . .

FORECASTING the fortunes of small companies is notoriously difficult. Yet, as fortunate investors who chanced their luck with such whizzy stocks as Blue Arrow and Body Shop, which began life on the USM, can testify, small company investment can be very lucrative indeed.

The FT asked some of the research analysts and fund managers who follow the fortunes of the USM to take a deep breath and cite their choices for the most exciting new issue of 1986, and the most promising junior market stocks for 1987.

Given that the new issue market was so active in 1986—when 92 new companies, capitalised collectively at more than £1bn, joined the USM—it is scarcely surprising that each analyst plumped for a different company.

Roger Hardman of James Capel chose Interlink Express, the overnight parcel delivery service which became the 500th company to join the junior market in a heavily over-subscribed issue in October. Its shares have since risen by 13 per cent to 209p.

USM

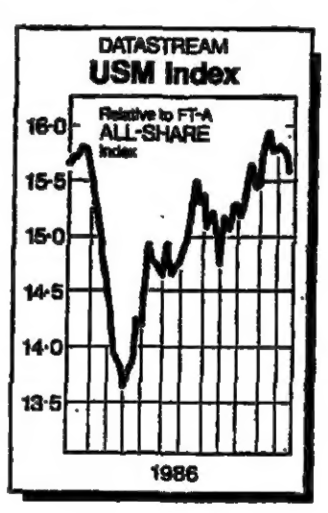
UNLISTED SECURITIES MARKET

Interlink's flotation attracted a great deal of attention: partly because of the rags-to-riches tale of founder Richard Gabriel who, five years before the flotation, roared around the streets of central London as a motorcycle messenger and has turned Interlink into a £30m business; and partly because of the company's chequered history, which included the collapse of an earlier messenger service and a fire at its (uninsured) headquarters.

Hardman is unperturbed, though. "Interlink is a classic small company and a classic USM growth stock," he says. "So, Richard Gabriel muddled up his VAT returns and blundered over the insurance. So what? The company has a great growth record and its potential is enormous. It could grow and grow."

Bill Seward of Phillips & Drew opted for the Monotype Corporation, the high-tech printing company which his firm brought to the market in May.

Monotype came to the USM as a recovery stock, which had hauled itself out of trouble in the late 1970s by diversifying into new high-tech areas of printing in order to take advantage of the revolution in newspaper production. Since going



public, the company has announced a 43 per cent increase in interim profits, to £413,000, and an acquisition. Yet its shares have languished, falling by 19 per cent to 127p at the end of the year.

"The shares have gone nowhere since the flotation but Monotype is a high-tech business in a growth industry and should really begin to move in 1987," Seward says.

Miller and Santhouse, the fast-growing group of opticians, is the choice of Sarah Mellor from Capel-Cure Myers. The company, which has made the most of the new trend for fashionable spectacles by building up a chain of units throughout the north of England, came to the USM in September through a placing by C-CM.

The shares went to an immediate premium and have risen steadily since, growing by 60 per cent to end the year at 168p.

"This is a very promising company with high organic growth potential in an enormous marketplace," says Mellor. "We have already seen good growth in the share price, but it is the sort of high quality business which could easily justify an exceptionally high rating."

Fund manager Brian Kirkland, who is responsible for small company investment at the USM's largest single investor, the Prudential, plumped for Borland International, the US microcomputer software publisher which went public in June.

The performance of Borland's share price has been rather pedestrian since the flotation, rising by just 6 per cent to 132p, yet Kirkland is convinced there is lots of scope for further growth. "The company is well placed to expand within a high growth market," he says. "Borland's prospects look very good."

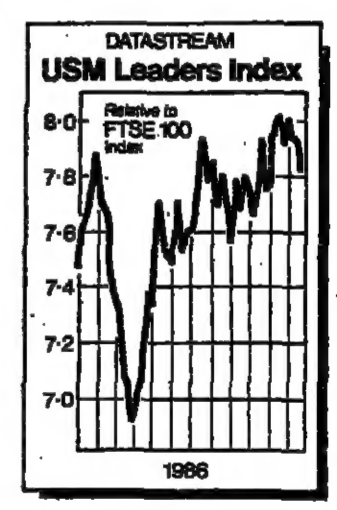
There are 373 companies quoted on the USM, valuing the market at £4.76bn. And again, each analyst picked a different company for the "most promising" stock in 1987.

Hardman chose Stainless Metalcraft, the precision equipment and components manufacturer. It stumbled into a series of problems after its flotation in 1983 and watched both profits and its share price fall in response. The company has since staged a recovery and recently unveiled a 73 per cent surge in profits to £1.04m.

"This is a niche company in an exciting industry," he says. "There is lots of new business coming in and the management looks good. It could well be one of the most exciting stocks of 1987."

Mark Shepherd of Phillips & Drew opted for the KLP Group, the sales promotion consultancy and a P & D client. Its shares continued to suffer in 1986 from a long-running legal wrangle with Asda, one of its largest clients, but the company has, nonetheless, sustained healthy growth.

"KLP's share price has never really recovered from the dispute with Asda," he says. "But this is a good company in a fast-growing industry and its shares are now undervalued compared with its counterparts."



Capel-Cure Myers' Simon Goodfellow plumped for Trilion, he television and video production house and a client of CCM, which has recently embarked upon an active acquisition programme.

"The share price was held back in 1986 because so many shares were issued for acquisition," says Goodfellow. "All the signs are that the management will now concentrate on digesting these acquisitions. The problems of Limehouse Studios have already been resolved and Viewplan, another recent acquisition, has a good core business.

"There is lots of growth potential in the industry with all the developments in independent production and the new media. Trilion also has a hidden treasure trove in the Limehouse building, which is situated in the middle of the proposed site for Canary Wharf."

Kirkland of the Prudential has made a self-confessed speculative choice in Sunleigh Electronics, which stumbled into trouble in 1984 when its defence business suffered, but has since been restructured leaving FKI Electricals with a substantial shareholding.

"The FKI management team has done a wonderful job with its own company and its influence on Sunleigh should be substantial," he says. "The company could really begin to grow in 1987."

• MARKETS •

METALS MARKET TRADERS' HOPES AND FEARS FOR 1987
(analysts' forecasts)

	1987 forecast average	1987 range of forecasts	1986 average	1987 average forecast	1987 range of forecasts	1986 average
	US cents/lb			£/tonne		
Aluminium	53.2	50-57	52.2	861	815-900	792
Copper	63.4	60-69	62.3	1,013	980-1,062	955
Lead	20.7	18-25	18.4	329	305-380	273
Nickel	171	160-180	176	2,725	2,460-2,987	2,697
Zinc	35.8	34-37.3	34.2	586	535-610	518
	$ per troy ounce					
Gold	411	350-450	368			
Silver	5.52	4.50-6.50	5.46			
Platinum	564	450-630	465			
$/£ rate	1.40	1.35-1.48	1.47			

Metals on their mettle

Stefan Wagstyl finds that researchers and traders have very different ideas about the prospects for prices this year

LONDON traders and researchers have gazed into 1987 to see what the year holds for metals prices. Not surprisingly, they differ greatly in what they believe might happen.

In an informal *FT* poll, a number of traders and researchers were brave enough to put their names to predictions for average metal prices for the next 12 months (which are summarised in the table). Most of the forecasters expect base metal prices to be modestly higher on average in 1987 than they were last year. But they do not necessarily see much improvement from present levels.

The gold prices is expected to average $411 an ounce, a considerable increase on last year's $363 but only slightly above the present $390 an ounce. Platinum, which soared last year could slip back, according to the forecasters. But this consensus conceals a wide range of opinion—the range for *average* prices is $450 to $630 an ounce, with the possibility that this volatile metal could periodically trade well outside the range.

Among the most bullish analysts is Anthony Hodges, of LME trader Rudolf Wolff, who argues that the charts of metal prices indicate that a recovery in metals, led by gold, has already started.

The underlying trigger for a rise in prices would be a resurgance of expectations of higher inflation, says Hodges.

Metals and Minerals Research Services, a research company, also argues strongly in favour of a recovery in base metals prices. It says metal stocks have declined for three or four years in succession. "Prices must respond. I think we are due for a recovery this year," says MMRS's Graham Dellar.

MMRS is particularly enthusiastic about aluminium prices, believing that the outlook for consumption of this light industrial metal is better than that for metals which depend more closely on demand from heavy industry.

At the other end of the forecasters' spectrum is Shearson Lehman Brothers, which sees little reason for a recovery in base metal prices. The company warns that lead and inc, the two metals which performed strongly in 1986, did so primarily as a result of strikes in Australia and Canada.

Writing in Shearson's newsletter, Neil Buxton says: "Unless there are some unforeseen disruptions, such as strikes or technial problems, then prices are likely to remain depressed or, in the case of lead, fall back from current levels . . . at the moment, the supply of base metals continues to grow and, as a consequence, prices are suffering."

Metallgesellschaft Ltd, the London trading arm of the West German metals group, is also bearish, predicting a price of just under 50 cents a pound for aluminium and a little over 60 cents for copper. However, managing director, Mike Hutchinson says all such forecasts should be taken with a pinch of salt because they are "usually very expensive and very inacurate. But in the spirit of Christmas/New Year we make our London traders' views available."

Average prices are of most interest to producers and their customers, not to mention their shareholders. However, direct investors in the metal markets are often more interested in short-term price movements which give the opportunity for quick profits, both in a rising and a falling market.

David Williamson, of Shearson, points out that in 1986 metals divided into two groups — "the lively and the dead." Platinum prices changed by 80 per cent, zinc 51 per cent, and lead and gold 38 per cent each. By contrast, aluminium moved just 14 per cent, copper 19 per cent, nickel 24 per cent, and silver 26 per cent.

The volatile prices were moved largely by specific factors—crisis in South Africa in the case of the precious metals, and labour troubles in the caseof lead and zinc. Some brokers believe the element of surprise could once again be important in 1987, particularly in base metals. This is because news of supply-side difficulties, which might have left consumers unmoved when stocks were high, assumes a greater urgency when stocks have been cut back, as they have been.

The moral is that even if the general outlook is subdued, the chances are that there will be good investment opportunities in metals in 1987. The difficulty lies in spotting them.

Out with a whimper

THE FRENCH stock market managed a small rise for the last day of December, but it was more of a whimper than the bang with which it began 1986.

Struggling into central Paris against the wave of train and underground strikes has jaundiced the outlook of many stockbrokers, and the last two weeks have seen a sharp recoil from the record of 414.3 reached by the CAC index on December 15.

The prospect of social unrest shaking the Government in its policies, coupled with renewed upward pressure on interest rates, has unnerved both domestic and foreign investors.

The Bank of France last week had to raise its seven-day repurchase rate for money market assistance to 8.25 per cent in a bid to fend off another assault on the franc. The currency has not yet escaped from the ambuscade. And President Reagan's poisoned Christmas gift of a 200 per cent tax on various food imports from the EEC provoked selling of affected companies such as cognac producers Martell and Moet Hennessy.

Even with this fall, the CAC index still ends 1986 at 397.8, more than 50 per cent higher than a year ago.

Paris brokers are now recalling the prediction last January of their UK colleague James Capel that the index would top 400 within the year. It seemed a bold forecast at the time, but it was fulfilled before the end of April. The territory has a familiar look to it, however. The index reached the heights above 410 twice before in 1986, in May and September, only to fall back sharply on each occasion.

Paris

The Paris bourse as a whole, however, is scarcely recognisable as the same market. It has managed the introduction of a form of continuous market for some stocks, and it has coped with the issue of FFr 65bn of new capital, more than three times as much as in 1985.

Turnover on the bourse averaged FFr 73.6bn a month in 1985. In November of 1986, the last month for which figures are available, turnover totalled FFr 165.3bn, more than twice as high.

If St Gobain is anything of an augury, then 1987 is likely to see further strides made in the size and activity of the market. The glass and packaging group led the French Government's privatisation programme to a triumphant start last month, and hopes are high for the companies due to follow it to the market in 1987.

Offered at FFr 310 a share, St Gobain was 14 times oversubscribed. Even employees' applications had to be scaled down, while the French institutions and overseas investors were left hungry for stock.

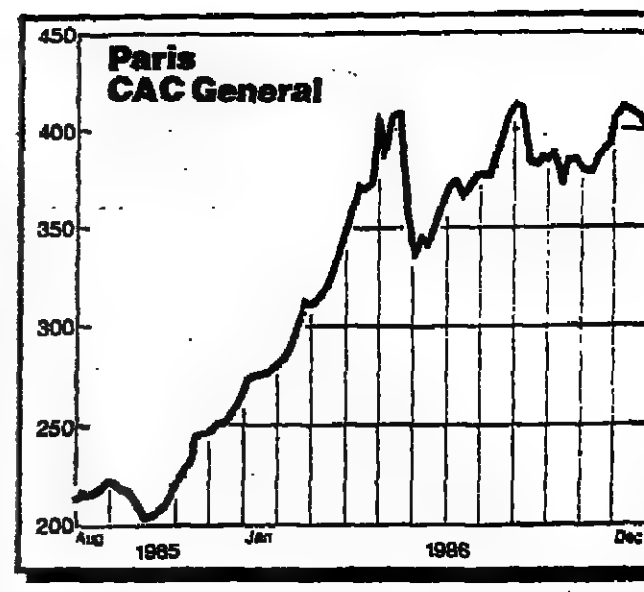
Paribas, the merchant bank which is next on the privatisation list, is due to be floated in two weeks. Bank executives have begun their roadshow overseas; while in France the banking networks are already reporting heavy demand for the preliminary prospectuses, before the price is published. "The arrival of the privatised companies is the great event of 1987 for the bourse," said Xavier Dupont, syndic of the Paris Stock Exchange.

Euphoria over St Gobain was enough on its own to carry the stock market upwards during the first half of December. When the shares finally came to the Stock Exchange floor on December 23, however, the aftertaste turned a little sour. Faced by a glut of buyers and a dearth of sellers, government and bourse officials decided with the company to duck the problem of fixing a price and suspended the shares for the day.

The failure to fix a price reawakened one of the oldest fears of the institutional investor in Paris, where lack of liquidity has often proved a handicap to the active trader. Fixed on Christmas Eve at FFr 369, a premium of 19 per cent to the offer price, the shares fell back to FFr 358.20.

The outlook still remains favourable from the point of view of many observers and participants and chief executives of industrial companies are confident. A survey conducted by the magazine L'Usine Nouvelle shows 49.5 per cent expect to improve their companies' results in 1987 and a further 35.4 per cent anticipate doing as well as in 1986.

George Graham



Chasing a Placer in the sun

Retiring Mining Editor Kenneth Marston leaves with some tips for '87

"BACK to normal next week," said the mole, cheerfully. Once again, he had caught me on the hop with his sudden materialising trick. The last time I had seen him was just before Christmas in the shopping fray; but here he was, perched on my desk among the plastic coffee cups and glue pot, wearing a silly grin.

"Look, Moley, I've got to get on. Doing my 1987 mining share recommendations."

"Base metals might do better this year," the mole said.

"They might."

"Still, I suppose gold shares are the best bet again."

"The thought had crossed my mind, Moley."

"Going for the Aussie issues?"

"Well, they're not in the same class as the South African golds — but they don't have the political risk element, either.

"The Australians are also still a lot cheaper than the North American stocks and could attract more investment interest now that the Australian Federal Government has at last decided not to take away the gold producers' tax-free status," I said.

"Right 'oh! Let's start picking," said the mole with a cheery wave of paw that dislodged some of the empty cups and left the paste pot teetering on the edge of the desk above an open drawer.

"Let's go for quality," I replied. "Elders Resources served us well last year, so for 1987 we'll pick another good calibre issue."

"Placer Pacific?" queried Moley.

"The very same," I answered.

Placer Pacific is the Australian gold subsidiary of Canada's big Placer Development. Last summer, the parent company made a public offer of 21.4 per cent of Placer Pacific, or 128.6m shares, which means they can be easily traded (unlike some Australian issues).

The offer price was A$1 per share and they are now standing at around A$2.87 (about 102p), but could wel lattract further institutional buying interest. The company's share of rising gold output from the major Kidston and Big Bell mines in Australia, and the Misima and Porgera projects in Papua New Guinea, could be more than 19 tonnes in three years' time.

"Strewth!" cried the mole. "Why, that's over 600,000 ounces. In Australia, only Western Mining seems likely to beat it." Two more cups rolled off the desk.

"Ah, Moley, now you've brought me to my next recommendation. A lot of folk still think of Western Mining as a nickel producer, which it is. They forget that the company is also a major miner of gold and, for the long term, it has a 51 per cent stake in the awesome Olympic Dam project in South Australia.

"British Petroleum holds the other 49 per cent of this venture, which could eventually be a world-beater in sheer size and which has a huge potential in copper and uranium, as well as gold, stretching into the next century.

"After having been overvalued for more years than I care to remember, Western Mining shares at around 254p have slipped a little in the ratings.

"But with the company's rising gold production the big institutional investors could soon show more interest, particularly if there is even a slight lifting of the clouds over base metal prices."

Moley nodded agreement, but I could tell that he was itching to spring on me his own particular fancy. I know the signs.

"All right, then," I said, "let's have the one for the wife's bingo money."

"Might make 'er a few bob, Guv," he said in an excruciating accent that would have disgraced the Monday first house at Finsbury Park Empire in the old days.

"It's the Alan Bond group's gold company, Metals Exploration," added the excited animal. More cups bit the dust and a telephone receiver left its moorings. "The one wot took over Hampton Gold Mining Areas last year. This brought a 75 per cent stake in Hampton Australia which has some very interesting gold prospects to add to the other gold assets of Metals Ex. They include a 32.7 per cent holding in the gold-producing North Kalgurli Mines.

"My guess," continued the mole, "is that Bondie intends to build up Metals Ex into a major Australian gold concern. He tried to buy full control of the company last year but that didn't work and he might have another go in due course.

"Meanwhile, Metals Ex has made a two-for-one rights issue which has dampened the share price to about 38p. But," concluded the mole, "maybe not for long."

That said, he jumped off my desk. So did the paste pot. Glutinous gunge globbled out into the drawer beneath, oozing among ball-point pens, pencil stubs, paper clips, a pair of blunt scissors and other fluff-covered detritus.

They won't be making desks like mine any more, I thought, as I surveyed the debris.

"Moley," I said, "I think it's time to go."

"Come on, then, Ken," he replied.

Hand in paw we tiptoed away together.

Baltic bounces back

THE INTRODUCTION of two new funds marks the next stage by Baltic Trust Managers to try to restors its fortunes, under a new management team led by Peter Jeffreys.

Most of the group's existing nine unit trusts remain on a bid basis, clouded by a dismal performance record. But Mr Jeffreys says the corner has been turned, the flow of redemptions stemmed and he now feels confident enough to launch new funds to fill gaps in their range.

One gaping hole was the lack of a European fund, which is being rectified with the Baltic European Trust. Unfortunately the group's special advantage in the Scandinavian markets, through its parent Nevi Group, is overshadowed at present with these markets performing worst of all. Other European exchanges, however, particularly France, are tipped to do well in 1987 and Norway would benefit from a sustained rise in the price of oil.

Baltic's other new fund, the American Extra Income Trust, does not fill any obvious gap. Rather it attempts to capitalise on Mr Jeffrey's previous experience in this sector (with Fidelity) an dthe changes in the US tax system, which should encourage companies there to pay dividends and no longer concentrate solely on capital growth.

Both trusts are available at a fixed price of 50p a unit until January 20, with a discount of 1.5 per cent in the form of extra units during that period. Minimum investment in each trust is £500.

●

NATIONAL WESTMINSTER is raising to £1 the charge for cashing personal cheques drawn on banks outside the group, except for Bank of Scotland cheques which will remain free of charge. A charge of £1 will also be imposed for cashing sterling travellers cheques, except for those drawn on NatWest Bank.

IN THE NEWS

The higher charges only bring it into line with its main competitors, says the bank.

●

FIRST of its kind is always a dangerous claim to make. But Providence Capitol believes it is the first company to launch a Swiss Equities Trust.

John Gordon, Providence managing director, said that so far it has been difficult for private investors to deal in the Swiss markets because of their structure, rules and regulations. But there was a definite *demand for this traditionally* safe haven for funds. In 1986 Switzerland was one of the poorest performing markets, but he felt it would be one of the front runners this year, with the strength of the Swiss Franc giving added appeal.

The launch period for the trust opens today (Saturday) with a fixed offer price of 50p a unit and a 1.5 per cent discount on *applications* received by January 27.

Bucking the trend towards more general funds, Providence also recently introduced (on December 27) another specialised fund, the Hong Kong Trust. It is available at a fixed price of 50p, with a special 1 per cent discount, until January 20.

●

A HIGH INTEREST rate, and *instant access, are being offered* by the West Bromwich Building Society. It is now paying 9.3 per cent net (against 9 per cent previously) on its Premium Share Plus accounts. But the minimum investment has been increased to £20,000 to achieve the top interest rate.

Although some societies are paying a higher interest rate, you normally have to give at least 90 days notice of withdrawal and sometimes a lot longer.

City of London is also offering instant access, with a minimum investment of only £2,500, on its Capital City Gold Account offering a net interest rate of 9 per cent.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	5.00	5.12	3.96	2.88	monthly	1	—	0-7
High interest cheque	7.70	7.93	6.14	4.46	quarterly	1	2,500 minimum	0
Three-month term	7.50	7.71	5.97	4.34	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	6.00	6.09	4.72	3.43	half yearly	1	1-250,000	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	500 minimum	0
High interest access	8.00	8.00	6.20	4.51	yearly	1	2,000 minimum	0
High interest access	8.25	8.25	6.39	4.65	yearly	1	5,000 minimum	0
High interest access	8.50	8.50	6.58	4.79	yearly	1	10,000 minimum	0
90-day	8.75	8.94	6.93	5.04	half yearly	1	500-24,999	90
90-day	9.00	9.20	7.13	5.18	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.75	8.34	6.46	4.70	yearly	2	5-100,000	30
Income bonds	12.25	9.27	7.18	5.22	monthly	2	2,000-100,000	90
32nd issue‡	8.75	8.75	8.75	8.75	not applicable	3	25-5,000	8
Yearly plan	8.84	8.84	8.84	8.84	not applicable	3	20-200/month	14
General extension	8.70	8.70	8.70	8.70	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	8.10	8.26	6.40	4.66	half yearly	1	2,500 minimum	0
Schroder Wagg	7.29	7.54	5.84	4.25	monthly	1	2,500 minimum	0
Provincial Trust	8.22	8.54	6.61	4.81	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	10.38	8.09	6.82	5.63	half yearly	4	—	0
10pc Treasury 1990	10.81	7.87	6.24	4.72	half yearly	4	—	0
10.25pc Exchequer 1995	10.55	7.55	5.89	4.33	half yearly	4	—	0
3pc Transport 1978-88	8.20	7.29	6.78	6.30	half yearly	4	—	0
2.5pc Exchequer 1990	8.19	7.37	6.92	6.49	half yearly	4	—	0
Index-linked 1990¶	7.90	7.17	7.11	7.05	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Looking forward to a prosperous New Year . . . .

David Glasgow

Dylan Evans

Trevor Pullen

Richard Bernays

Europe still City favourite

After the boom of 1986 John Edwards talks to fund managers about the prospects for various equity markets throughout 1987.

IT WAS pretty difficult to lose money on any of the worlds stock markets last year, especially if you were a sterling investor. Most markets showed substantial gains in local currency terms, and even more so when converted into sterling.

In Europe, Spain was the star performer, with a sterling gain of over 134 per cent and France did very well for investors too. Against that the UK rise of 21.2 per cent looked very modest, while the Swiss, Dutch and West German markets were only boosted by the strength of their currencies and the Scandinavian countries were amongst the few to move actually lower.

Japan was another star market, recording a rise of over 85 per cent in sterling terms, but Australia, Hong Kong and Singapore also moved up strongly.

Big disappointments of the year were the US and West Germany, which the pundits last January had tipped to do well. In the event they were amongst the worst performers, and well below the world average.

So what are the pundits predicting for 1987? The consensus (a not unbiased view from fund managers) is that equities will still be worth going for in 1987 in spite of the big increases in 1986.

It is also generally agreed that the UK market this year will be dominated by politics —*whether or not there* will be an election and whether the Tories will win again. It is thought the forthcoming Greenwich by-election could well provide an important pointer as to whether there will be a general election this year. There are mixed views, however, on the outlook for the rest of the world. Europe is generally favoured and in particular the French market is tipped to move higher, boosted by the privatisation programme but forecasts for the US and Japanese markets differ widely.

Richard Bernays of Mercury Fund Managers believes a UK election will come sooner rather *than later, but that* prices could be volatile as the market tries to anticipate the likely result. He feels performance in the first half will be better than in the second.

He also predicts some volatile movements in other stock markets. On balance he favours Europe, just above the US. Sterling investors are likely to obtain solid returns from European markets during the whole year, but the US was likely to come right at a later stage when the impact of the dollar devaluation finally comes through in economic terms.

Japan may be "interesting" early in the year, massaged to boost support for the privatisation of the Japanese equivalent of British Telecom. But in the longer term most of the good news was already in the market.

Chris Burrows of Henderson also favours European markets, particularly France and Spain. The French market, he says, is *benefiting from the "cult of the equity,"* ad Spain still has a way to go in catching up as a new member of the EEC.

The US market could be very good, he believes, but with a higher risk, while he is cautious about Japan. He is bullish about Hong Kong, but it is "not for widows or orphans."

Trevor Pullen of the Prudential is another European supporter. With European Monetary System (EMS) currencies the strongest, Europe "must be the favourite. "In spite of comparatively poor performance in 1986, he is sticking with Germany, Holland and Switzerland as the best bets.

He too is cautious about Japan, suggests Hong Kong could be volatile, and is "indifferent" to the US.

On the UK he says the economic *background should bring* higher prices, and if the Conservatives were thought likely to win an election the market would go higher still. But the fear of a slowdown in 1988 could be a depressing influence in the latter part of 1987.

Paddy Lineker of M and G. reckons that the UK market will provide good value for investors, probably better than most. Its current rating was below average and the economic growth rate potential above average.

In Europe it was a question of picking the right market, and that depended on the skill of the fund manager. He cannot get enthusiastic about Japan with earnings under pressure and high p/e ratios, but he admits it wouldn't be the first time that the Japanese market confounded the forecasters.

Although the US market was statistically sound, he is wary of it and worried about the fundamentals. In case the dollar had "another fit of the blues" he suggests keeping 5 per cent of your portfolio in gold which might turn out to be the joker in the pack.

Richard Williams of Hill Samuel on the other hand thinks the US will be boosted by a pick up in economic growth that will bring a good rise in company profits. In Europe he favours the hard currency countries (France, Germany and Switzerland).

David Glasgow of Abbey Life admits he was wrong on Germany and Japan last year, but hasn't changed his view much for this year.

Europe *is still the* best bet, he believes, with France looking particularly attractive. The US is his next preference, although there is more risk especially during the first quarter of the year. He is even more uneasy about Japan after the big rise in 1986. It seems distinctly overpriced, but may be underpinned by large sums of cash held by the institutions there. He is keener on the other Far Eastern markets.

With the UK market already discounting to some extent a possible Tory election victory, there could be some risk even though the economic background should bring a rise in prices.

Dylan Evans of Target is a strong supporter of the UK market, which he says is technically sound with a rise of 15 per cent in corporate profits forecast and prices 5-10 per cent undervalued. However the market was likely to be jumpy on election forecasts, so he would stick to income rather than capital growth stocks.

For the first six months of 1987 he would go into Europe to make the most of the currency advantage. He is positive on France, with the privatisation programme brought forward, but feels you can no longer just follow the American institutions into blue chip companies and will have to be more diligent in finding the "gems" still available.

To judge Japan correctly, he *says you have to look* with Japanese eyes and brokers there are bullish about 1987. The market is awash with liquidity and the government were stimulating domestic growth. He is cautious about the US but would buy on weakness.

Peter Chappell of stockbrokers Sheppards, says the UK market will be almost entirely political in 1987. But takeovers, and more money from overseas, would keep the market bouyant as it was still cheap.

He is happy to stay in the US market, but will move from consumer company stocks into *cyclical industries. In Japan it* would be selected stocks only, and in Canada natural resource companies and in Australia those with a gold element. In Europe there would be buyers on any setbacks in the French market, while there was still "something to go for" in Spain.

COMPARATIVE PERFORMANCE OF WORLD STOCK MARKETS IN 1986*

Country	Percentage gain/loss in Local currency	Sterling
World (Morgan Stanley Capital International)		+41.0
Australia	+44.7	+39.1
Denmark	−19.2	−3.8
France	+52.0	+74.4
Holland	+7.3	+32.6
Hong Kong	+42.2	+42.7
Italy	+55.6	+90.4
Japan	+50.1	+85.6
Mexico	+250.0	+72.0
Norway	−10.1	−9.5
Singapore	+47.2	+40.4
Spain	+103.0	+134.7
Switzerland	−3.3	+20.9
UK		+21.2
US (Standard & Poors composite)	+17.8	+18.2
West Germany	+5.5	+31.1

* Movement in prices from first trading day Jan to Dec 29.

Gilts carry a government health warning

THE WATCHWORD for investors wondering whether to buy or sell UK Government bonds in 1987, and which ones, is caution.

What else could it be when there will most likely be a general election in the course of next year and, of all the influences on financial markets, politics is probably the most unpredictable ?

The timing of the next election is, of course, still unclear although we know that the Prime Minister has ordered her ministers to get themselves and the manifesto ready. The investor has to try to judge what could be vastly different outlooks before and after the poll.

John Buck, gilts analysts with James Capel & Co, one of the 27 market makers in UK Government bonds, summed up the uncertainty of the situation: "If the Conservatives were to win the election, the gilt market would look exceptionally cheap. But anybody who was prepared to buy on that basis would have to be exceptionally brave. The market could have a rough ride in the first quarter."

Markets have already been reacting for some months to a clutch of national opinion polls gauging political support for the three main parties and the Conservative party's lead in successive polls in the last few weeks of 1986 did something to steady sterling, and therefore the gilt market.

In framing their forecasts for this year, many independent City economists have assumed a Conservative victory, swiftly followed by sterling's entry into the European Monetary System's currency snake.

On this basis, it may be worth sticking with conventional gilts which generally offer a better return than index-linked issues.

There is, however, the possibility that the opinion polls could start to turn in favour of the Labour party and then a switch into index-linked would provide a hedge against the higher inflation which could accompany any substantial reflation of the economy and sterling jitters on foreign exchange markets.

Political uncertainty is bound to make the market volatile in the run-up to the election and the timing of investment decisions is paramount.

Mark Cliffe, chief economist at Capel-Cure Myers, which acts as an agent in the gilt-edged market, said index-linked stocks offer very good value now and could be even better value if the Conservatives won the election. Then inflationary expectations would be lowered and prices on ultra-safe index-linked gilts would fall as investors ventured back into the higher-return, more volatile conventional market.

However, the investor who feels confident in predicting swings in sentiment and acting on them swiftly could play a more adventurous game by staying in higher-yielding conventional stocks on the strength of belief in a Conservative victory, only running for cover if the political outlook became more uncertain. Then the switch into index-linked would have to be done quickly before demand for safe haven stocks boosted prices.

In the conventional sector, the usual rules of thumb apply. High rate tax payers should go for low coupon stocks such as the 5 per cent Treasury 1986/89, 5¼ per cent Funding 1987/91 or the 3 per cent Treasury 1991.

For lower rate and basic tax payers, high yielding stocks such as the 9¼ per cent Treasury Convertible stock 1989, or the 9¼ per cent Treasury 1988, look attractive.

In the index-linked sector, 2 per cent of 1988 and 2 per cent of 1996 look paricularly attractive while the 2 per cent of 1990 looks expensive and could be worth selling.

Mr Cliffe of Capel-Cure Myers noted that even for investors in the high tax bracket the 1996 issue has a low break-even inflation rate of only 2 per cent, meaning that the stock is good value unless inflation were to fall below this level. "You would have to take a very aggressive view to think inflation is going to be below 2 per cent over the next 10 years," he commented.

David Glasgow, Managing Director of Abbey Unit Trust Managers, said the index-linked 1988 stock looks more attractive than some conventional low-coupon stocks.

Even after the agreement on oil output by the Organisation of Petroleum Exporting Countries, there is concern about sterling and the balance of payments. There was a £1.03bn trade deficit in November and imports are still rushing in at an alarming rate.

It is probably worth remembering that, even under a Conservative Government, many independent forecasters are looking for a rise in the inflation rate to nearly 5 per cent by the end of next year. Index-linked stocks could be the safest bet, whoever wins the election.

Janet Bush

BREAK-EVEN INFLATION RATES FOR FOUR MAJOR INDEX-LINKED GILTS

Tax— (pin£)	2% 1988	2% 1990	2% 1996	2½% 2011
0	9.4	8.3	7.2	6.7
29	5.6	5.3	4.3	4.5
60	2.6	3.9	2.0	2.9

(Provided by Capel-Cure Myers, ANZ Group)

THE BROKERS' CHOICE FOR SANTA'S PORTFOLIO

	UK	US	Japan	Europe	Worldwide
Hargreaves Lansdown	Holborn Small Cos	TR Global Tech	L & G Japan	EBC Amro Dutch Growth	Thornton Phillipines
Berry Asset Management	Prolific Special Sits	TR Global Tech	Baring Eastern	GT Germany	Oppenheimer Worldwide Recovery
Plan Invest	TR Special Opportunities	Equity & Law N. Am.	Fidelity Japan	Baring Europe	Henderson Hong Kong
Premier	TR Special Opportunities	BG America	TR Japan Growth	M & G European	TR Special Opportunities
Whitechurch Securities	Commercial Union UK Inc.	Standard Life N. Am.	Baltic Japan & Gen.	PM European	Commercial Union Worldwide Special

Ways with a windfall

IT IS not a widely known fact that Santa is a UK resident, although he makes frequent visits to Greenland to check up on his warehousing and distribution operation. He has just found a cheque for £10,000 waiting for him at the bottom of one chimney: and without stopping to find out whether it was a bribe or a thank-you present, he decided to invest it in unit trusts.

Since the money was a complete windfall, Santa thought he would take an aggressive growth line and spread his investments worldwide. Rudolph and the elves could advise only on the Scandinavian market, but with his contacts Santa was able to get some tips from the brokers.

The table shows the result. He asked five brokers for their favourite funds in the major world markets, plus one punt from whichever market they preferred. A striking feature was the widespread enthusiasm for Touche Remnant; three of its funds were named. Four out of the five brokers chose the group for at least one of their selections.

The UK choices were mainly from among the special situations type of fund; two brokers opted for a revival in the fortunes of the technology market for a US choice; there was caution on Japan, with some holding off and some avoiding it altogether; Europe was widely supported, with single country funds finding some adherents; and the choice of funds "at will" ranged from ultra-specialist Pacific Rim trusts to strongly growth-orientated international trusts.

Choice of funds was based, as you might expect, on market view as well as past fund performance, but it was interesting to see the degree to which brokers relied on the individual fund manager.

This was the case, for instance, with Hargreaves Lansdown's choice of Legal and General Japan, managed by Michelle Barber. For Europe, it saw Holland as "a small market with a lot of potential." The UK pick, Holborn Small Companies, can invest in the USM as well as up to 20 per cent offshore. HL's punt choice was, perhaps, the most nerve-wracking — an offshore fund from Thornton investing in the Philippines.

Jamie Berry's choices laid emphasis on aggressive management style, a readiness to go liquid and to make significant changes in weighting, and a keenness for special situations. Like Hargreaves Lansdown, he went for a single country Europe fund, and for TR Global Technology as a US market choice.

He would prefer to avoid Japan at present, choosing instead Baring Eastern which invests in Pacific markets, especially Hong Kong. He is enthusiastic about the record of Martyn Page with Oppenheimer Worldwide Recovery, which will readily move from 40 or 50 per cent in one area to nothing.

Peter Hayes of Plan Invest agrees with Berry that the recipe for success in the UK market over the next year will be decisive management and a search for special opportunities. Equity & Law is an insurance company having a good with-profits record, and he thinks its North American fund will "come quietly through the tables."

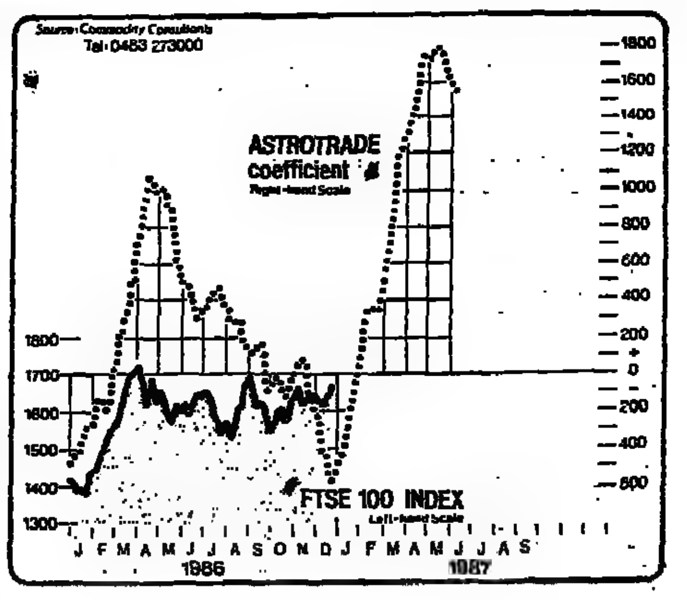
Baring's European fund rates a mention because he has been impressed with Baring's performance in other markets, because it is a "newish" fund, and because the group is "not as well known as others and has got it all to make." He will not buy Japan at all for a month or two but, when he does his vote will probably go to Fidelity Japan.

Michael Watt, Far Eastern guru at TR, is a "very clever fellow" according to Premier's Peter Edwards, who scoffs at others' caution on the Japanese market. Likewise, it is manager John Alexander who inspires the recommended investment in TR Special, which is "top of the Premier shortlist for the UK market."

Edwards takes a decidedly contrary view on Europe: "I am not sure we are all that interested, although you cannot not invest there." In the absence of a single country fund that he likes, his choice is for the "well established, proven" M & G Europe.

Kean Seager at Whitechurch Securities indulged his enthusiasm for new funds. The background to his thinking is that non-UK funds will do well, aided by a potentially weaker pound. The funds he chose are all brand new, newish or, in the case of Baltic Japan & General, undergoing change. The Baltic trust is due to be taken over by newly appointed Japanese managers early in the New Year, with an expected boost to performance—which would please Santa.

Christine Stopp



Investment for star-gazers

JANUARY derives its name from the Roman god Janus, who was depicted as having two faces, one looking back into the past and the other forwards into the future. It seems an appropriate time, therefore, for a financial astrologer to see how accurate he has been in the past year and to predict the market trends of the next.

The "Astrotrade" graph with this article is the result of a computer study of the Financial Times Index from its inception in July 1935, analysing all the astrological factors which can be shown to have affected the market's action. The initial bull trend of the FTSE 100 Index was correctly predicted from the start of 1986 until April.

The actual top of the market occurred just before the Astrotrade coefficients turned bearish, but thereafter share prices fell with the Astrotrade graph. Traders "shorting" the FTSE 100 futures contract saw good profits all the way down to August.

After August 11 there was a vigorous rally which coincided with the sideways movement in the Astrotrade graph, but the main down trend was eventually obeyed as prices reversed after September 8, with some of the largest single day movements in the market's history.

When the Astrotrade coefficients turned upwards after September 29, prices followed the graph tenaciously until November 19, but after that they parted company. The prediction was for important weakness during December, but the market moved sideways, not making any upward or downwards movement, until the Astrotrade graph moved up after December 22.

The chartist explanation for this action is that prices entered an area of supor, and although the astrology of the market was bearish, any major movement was precluded. The Astrotrade coefficients are calculated many months ahead, and therefore cannot take technical support or resistance into account.

The lack of weakness in December somehow anticipates the strength of the market into 1987, which promises to be very bullish indeed.

A combination of astrological influences indicates a very strong market. To name but two of the many there is the Saturn-Uranus conjunction in Saggitarius, and the Jupiter transit through Pisces and Aries.

The Astrotade graph goes up until May 11 and then moves sideways during the summer. Unlike 1986, when there was an important move down, the Stock Market is likely to remain strong but without any major shake out, and then move upwards again after the end of June.

Last year the Astrotrade coefficients reached about 1000 at the market's peak, but this year they go up to 2000 by year end. This seems to indicate that the FTSE 100 Index could reach 2500 without too much trouble. If this does is fact happen, 1987 will be a year to remember.

The chart for Wall St does not show the same potential strength as London, and indicates that January will be weak. When the bull market gets going in February it does not have the enthusiasm shown by the London chart. This might reflect the political uncertainties in the US and the unknown future effects of the insider dealing scandals. If only a small proportion of the huge Japanese funds that are normally invested in New York come to London, our market could very quickly race to the predicted levels.

It would seem unlikely that the Stock Market would show that much strength if a Labour government was elected into office. Perhaps it would be wise for Margaret Thatcher to choose an election date early in the year rather than later, and thereby take advantage of what appears to be a major tide of market optimism.

Daniel Pallant

New PEP contenders

BANK OF SCOTLAND has launched a late, but strong, challenge in the Personal Equity Plan (PEP) battle with charges claimed to be the cheapest available for some investors.

In addition it is giving a special 2 per cent bonus on Standard Life or Scottish Unit Managers unit trusts bought via the bank's unit trust PEP scheme. The bank says existing unitholders would be well advised to subscribe via its scheme, rather than direct, up to the permissible limit of £35 a month (or £420 a year).

Under the Unit Trust plan you can choose either the Scottish Income Fund or the Standard Life UK Equity High Income Trust, paying the normal charges to the companies, plus an additional 0.75 per cent annual administration fee to the bank. This additional fee, however, will be more than offset by the 2 per cent bonus of additional units given.

The bank is also offering two discretionary equity plans. If you contribute between £40 to £140 a month (or a lump sum between £1,000 and £1,680 a year) a quarter will be invested in three major companies. If you contribute £150 monthly (£1,800) or more then the range of shares is increased to a minimum of five major companies.

An annual management fee of 1 per cent will be charged. The bank says that in the absence of a minimum charge (such as the £10 charged by Lloyds Bank) its charges are the cheapest on the market for investors in the £20 to £40 a month range.

Commercial Union has also joined the PEP fray. Its minimum investment is £35 a month (£1,000 for a lump sum) for a totally discretionary scheme. Initial monies will be put on deposit taking advantage of the tax-free concession to earn a very good return. (On current money market conditions the rate would be 9.74 per cent net, equivalent to 13.7 per cent for basic rate tax payers).

As and when the investment managers decide, the legal maximum of your money, £420 or 25 per cent of the total amount invested, whichever is the higher, will be put in the new unit trusts just launched by Commercial Union. The rest will be invested in blue chip shares and cash deposits.

Initial charge will be £10, with a fee of 2.25 per cent on the value of the funds under management levied at the end of the first year. In the second and subsequent years, there will be a quarterly charge of £1, and 0.3125 per cent on the value of the funds held. The value of in-house unit trusts will not, however, be subject to the percentage charges.

Stockbrokers Sheppards has an unusual feature in its PEP scheme in that if you contribute more than £1,200 a year you can decide whether or not to include unit or investment trusts in your plan. Otherwise the company has complete discretion, although it is hoped that once each year's plan matures you will be able to make your own investment decisions.

Minimum investment is £50 monthly (or £600 lump sum). There is an initial charge of 3 per cent, and an annual management fee of 0.75 per cent in the first year rising to 1.5 per cent in subsequent years. Sheppards says it hopes to absorb the dealing costs and claims that there will be no double charging for investing in unit and investment trusts. There is however a series of other charges for participating in what the company describes as an "on-shore tax haven." There is a special charge of £6 per plan to cover the cost of setting up direct debit arrangements; you pay £20 for early withdrawal; and £10 if you want to attend a company annual general meeting.

Special feature of the Lamont & Partners PEP scheme is the inclusion of a loanback facility. You can borrow up to the full value of your PEP plan (at 3 per cent above base rate) on payment of a £10 registration fee, and keep your plan intact while possibly using the borrowed money for some short-term need like "stagging" a new issue.

Lamont is offering two share schemes with self-explantory names — Blue Chip or Speculative. At this stage Lamont does not intend to include unit trusts in the holdings, or take monthly payments; only lump sum investments of £1,000 and above are accepted. The loanback facility is only available with the Blue Chip scheme.

There is an initial flat charge of £50 per plan, equivalent to 2.08 per cent if the maximum of £2,400 is invested. There is an annual administration fee of 1 per cent of the value of the investment, levied quarterly.

Invest as you earn

THE government-sponsored Personal Equity Plan (PEP) will be used to encourage employees to buy shares in the company for which they work, under a scheme devised by management specialist Cockman Consultants & Partners (CC & P).

The idea is that an in-house PEP scheme would be formed by the company, with CC & P as fund manager. It would buy the company's shares at the ruling market price on behalf of employees, using money deducted from pay packets.

An attraction for the employee would be that the charges involved, possibly subsidised by the company, would be far less than normal PEPs.

A disadvantage is that, unlike share option schemes, there would not be a guaranteed profit. If the company shares fell in value, the employee's investment would decline.

Richard Cockman, chairman of CC & P, said the proposed corporate PEP schemes would provide an alternative for employees wishing to buy their company's shares in a tax-efficent, flexible manner without having to lock money away for a long period.

It would fit in very nicely with other employee share schemes, but would be possible only in the case of companies with shares publicly quoted on the London Stock Exchange under existing PEP legislation.

John Edwards

• FINANCE & THE FAMILY •

Quiet where there once was bustle: the Stock Exchange floor

Terry Byland explains why Big Bang has left the Stock Exchange floor deserted

The silent advance of the electronic age

THE NEW Year is starting on a bleak note for dealers on the London Stock Exchange trading floor, once the public face of the stock market. Despite large sums invested in modern technology, the floor is now a shadow of its former self. The hubbub, jostling and noise have been replaced by empty spaces as attendance has slumped to one-fifth of the level before Big Bang.

A further blow — some say the death knell — will come this month when Smith New Court, one of the largest jobbers under the pre-Big Bang system, effectively abandons its original plan to maintain a trading presence on the floor; and Guinness Peat restructures its Henderson Crosthwaite broking operation so as to take institutional dealers back to its offices.

The role of the trading floor, with its history of camaraderie and incomprehensible jargon, has receded as first the market-making companies and then the brokerage house have removed their staff, who now conduct business over telephones and computer screens instead of face to face.

The demise of the floor has come more quickly than the most pessimistic had forecast. Suggestions for its future use range from the facetious — calling it the Hexagonal Wine Bar — to the more practical such as merging it with the London International Financial Futures Exchange (Liffe). And that might not be so far from reality: the traded options market, which occupies a corner of the floor, has boomed since Big Bang.

The floor traders' role has been undermined in several ways. Much of the institutional business which is the life blood of the market — and the profits of the trading firms — now goes straight to the market makers, to be transacted net of commission. Here, the business will be done by telephone with prices merely checked against quotations on the SEAQ computer screens. Market makers' offices can be anywhere — few now keep even a token presence on the trading floor.

This development has weakened even further another function of the old-time floor dealer — that of "testing" the market by walking round the trading stands or, more often, watching to see who else was trading stock.

While there are those who claim that lack of personal contact reduces "feel" for the market, there can be no return to the old system. But a more serious cause for complaint is that the disappearance of face-to-face dealing has undermined the trading skills required of a pre-Bang dealer. During the negotiation over a deal, it was possible for the contestants slowly to unveil valuable information regarding the liquidity in the shares and the balance between supply and demand—always without being obliged to disclose their own trading intentions.

These skills are hardly relevant when trading by telephone. The best price, as well as each market-maker's range, is displayed on the SEAQ screen, together with the bargain size on offer. "My 10-year-old daughter could deal in this market," said one old hand, despairingly.

What will be the future of the floor trader, the archetypal Stock Exchange figure who came up from the suburbs on the 8.15 am? Some changes already were apparent before Big Bang. Mr Pooter now has to catch the 7.15, arriving in time for the 8.00 am conference held by most firms these days.

There is no question of redundancies at this stage. Most trading firms were anxious to keep their staff in place during the anxious post-Big Bang months—although it was not usually thought necessary to reward established floor dealers with Porsches.

And, paradoxically, the British Gas sale, together with the other privatisation issues, has helped to prolong the life of the trading floor. The rash of small bargains as Sid and his mates traded in their British Gas — or Trustee Savings Bank — shares meant that the institutions, unwilling to deal in small lots, left it to the floor men to bundle the shares together and then picked up blocks of stock from the brokerage houses.

The floor trader taken "upstairs," or, back to the firm's electronic trading office, finds himself in a new world where his carefully-acquired skills may appear redundant. Some Hedderwick traders will find themselves moving towards the job of equity salesman, a relatively new import from New York where banks of telephone traders hammer at the ears of prospective customers, offering day-by-day whatever lines the firm has to sell.

Whatever happens to the present generation of floor dealers, it seems likely that it will be the last to follow the traditional route of market firm employees. Arriving first as office boys or clerical staff, the bright lad would progress to the honoured rank of "blue button" —allowed onto the trading floor but usually only licenced to check prices for his betters.

Then, if he proved successful, would come the accolade of trader for the firm—putting to work all his knowledge of stocks and market rivals acquired since joining the business. Pay was usually modest—it has improved over the past decade—but it was boosted by annual bonuses (often 200 per cent of annual salary) as well as Christmas hampers in the best Dickensian tradition.

For the short term, the virtual extinction of the trading floor is painful both for staff and market firms. Much of the electronic gadgetry set up on the floor will, presumably, become redundant. There will be far less call for the expensive "trading boxes" just off the floor, rented by the Exchange to member firms.

And those on the 8.15 — sorry 7.15? No doubt they will adapt to changing circumstances. The best side of the stock market has always been its cheerful readiness to grapple with innovation. But those years as a protected monopoly will have to be shed fast — and the floor trader could be the first to feel the heat.

Nick Bunker reports on Prior Harwin's difficulties

Wind-up order upsets clients

IT TOOK just four minutes on Wednesday morning this week for Prior Harwin, the beleaguered securities dealer, to complete what might be the last annual general meeting in its 25-year history. It could take many months for the High Court, the Official Receiver and Prior Harwin's directors to finish sorting out the mess left when civil servants closed the company down just before Christmas.

About 3,000 investors used Prior Harwin to buy or sell shares in the recently-floated TSB group or British Gas. Judging from the telephone calls that reached the FT last week, their festive season was an anxious one.

Their main worry was that they could lose large sums of money if their share transactions had not been settled before the Department of Trade and Industry asked the High Court on December 22 for a winding-up order against Prior Harwin, on grounds that it was insolvent.

Wednesday's meeting casts little fresh light on the reasons behind the DTI's move. Shareholders were given Prior Harwin's Report and Accounts only for the period to October 31, 1985.

Some of the details made interesting reading. In 1985 for instance Prior Harwin plc made an operating loss of £7,200, compared with a loss the previous year of £180,000. Prior Harwin Securities, its main subsidiary, made a pre-tax loss of £2,500 in 1985.

Second, the accounts included a statement by Fox Associates, auditors for Prior Harwin Securities. Fox said it could not form an opinion on whether or not Prior Harwin Securities' profit and loss account gave a true and fair view of its situation.

"During the year, the company's system of control over certain accounting functions lapsed," Fox said in a note dated October 23. "We were thus unable to obtain all the information and explanations that were considered necessary."

Points like these may now be of only historic interest, given that Prior Harwin could be liquidated following a High Court hearing due at the end of this month.

Tony Prior, Prior Harwin's chairman, tried to bring the company's figures more up to date on Wednesday by claiming that from recent dealings in TSB and British Gas it had made gross profits of more than £100,000. He repeated his bitter attacks on the DTI, which he claimed had caused "maximum misery" to Prior Harwin's clients by putting an end to a business that in his view was perfectly solvent and a going concern.

It was left however to Ian Bond, a grey-haired, pipe-smoking accountant, to spell out what the immediate future holds for Prior Harwin's clients. Mr Bond is the special manager appointed by the DTI's official receiver, to safeguard and maximise the company's assets pending the court hearing. His comments at Wednesday's AGM indicated that Prior Harwin's clients fall into three broad categories.

First, there are an estimated several hundred people who bought shares via the company, paid their money, but have never received the certificates. Mr Bond said there were some certificates waiting to be sent out from Prior Harwin, and in other cases his staff were replying for registration of shares owed to clients. Some Prior Harwin investors may still be left without certificates and have to be counted among its unsecured creditors.

Secondly, there are those clients who sold stock via Prior Harwin but have yet to deliver the shares. Mr Bond said that anyone delivering stock after December 22 would either be paid for it at the original agreed price, or would have their TSB or British Gas allotment letters returned to them so that they could sell elsewhere.

The third class of clients are those who sold stock and delivered it before December 22. It seems likely that they will have to take their chance as unsecured creditors if they have any outstanding money owed to them.

For the moment, Mr Bond is advising anyone who thinks they are a creditor to write to him at Deloitte Haskins and Sells, 128, Queen Victoria Street, London, EC4, enclosing brief details of their claim and photo-copies of relevant documentation.

• FINANCE & THE FAMILY •

When a house is not a home

I used to own a country cottage which was demolished last year by the local council for a road widening scheme. It was the only house I owned but for three-quarters of the year I lodged with my parents to be near my work. During my vacation however I lived in my country cottage. Nevertheless, when I applied to the council for suitable alternative accommodation after demolition it refused on the grounds that my cottage was not "residential accommodation." What is the proper definition of residential accommodation in this context?

There is no definition of "residential accommodation" in the Land Compensation Act 1973. *We think that on ordinary principles* of construction your property is residential accommodation. The real question is whether other suitable accommodation is available to you on reasonable terms, in which case the local authority has no duty to rehouse you under Section 34 of the 1973 Act.

A will in South Africa

My brother-in-law is visiting Johannesburg on an extended holiday and wishes to draw up a *will whilst there. He is* normally resident in the UK where his home is and where all his assets are. Will a will drawn up and *executed in South Africa* be valid in the UK in event of death either in South Africa or on return to the UK in say three months time?

A will may be drawn up and executed in a form conformable to English law in any place in the world and it will be capable of disposing of immovable *property in England and also of* movable property, but the latter only where the testator dies domiciled in England. If the witnesses are resident abroad it could become difficult to effect formal proof of the execution of the will for probate in solemn form, should that become necessary, but usually probate is granted in common form without the need for such proof.

Waiting for lawyers

In late 1985 I approached a firm of local solicitors via the CAB having been quoted a price of £15 plus VAT by one of the partners to make a will that contained a property severance. I had drawn up a will myself but was told there was so much wrong legally I would have to start again. The person interviewing me stated that if I had not been quoted a price of £15 plus VAT they would not have done such a will for me. My wife who previously declined to make a will was brought into the matter by the solicitor and I agreed to approach her again about her making a will. This person quoted me a price for *both wills of £25 plus VAT* and at that point had a good idea what was required. The wife and I had an interview about a week later — it was by *this time early 1986* — we then agreed on two forms of will and the matter left with the solicitor. Papers for the severance were received about 14 days *later. We heard nothing* further by May and went to the solicitors office. The receptionist rang the solicitor concerned and then told us *they would be ready in 14* days. In August 9 I sent a letter stating that if I heard nothing from them in 14 days I would conclude they did not wish to proceed and that they would not be making any *claim for work down.* I heard nothing until I received draft wills in November. I feel we have been greatly abused by these people. I could have been dead and buried at least 50 times since they undertook this work.

The solicitors appear to have acted in a most unsatisfactory way. However, as you were still able to make the wills in November, there is no actual loss caused to either of you, and you therefore do not have any effective claim against the solicitors. Your best course is to execute the wills (if that has not already been done), always assuming that they are now drafted to meet your requirements. Although you would still be technically liable to pay the solicitors the fee quoted, you may be able to convince them that the fee should be waived or reduced. You may also wish *to refer the matter to the new* Solicitors' Complaints Bureau.

A £40,000 question

Further to the gift to sister (November 22, Briefcase). Would I be in order in giving, say, £10,000 each to my nieces without having to pay tax? Or is it only an immediate relation who can receive gifts *tax-free*?

The small gifts exemption and the nil rate band for inheritance tax purposes apply to any gift, whether or not the donee is related to the donor. Thus you can give up to £3,000 (total) in each year without coming into the tax scale at all. Above that sum gifts will be counted *cumulatively against the nil rate* band. Thus the gifts which you contemplate will not attract tax if you have a sufficient margin left on your nil rate band (*which at present stands* at £71,000). If you survive the gift by seven years it will not be counted in your tax scale at all.

Troubles of a trust

About 20 years ago my wife sold some property in Bermuda and with the proceeds set up a *trust in the Bahamas for the* benefit of our daughters. The funds did not come back to this country. Some months ago the Inland *Revenue said it wished to* know what capital gains have been made by the trust. The trust company will have to supply this information and, *because of disposals and* purchases over the years, I imagine the fees could be considerable. I can understand that if and when the fund is distributed to our daughters there will be capital gains tax to be paid. But what if our daughters were to be domiciled abroad, presumably there would be no CGT to be paid: and so work would have been done and a *cost incurred to no purpose.* Is the Inland Revenue entitled to request this information?

Yes: the inspector may seek to impose penalties for past failure *to disclose the information.* Yes: the inspector may seek to impose penalties for past failure to disclose the information, year by year. We recommend that you seek professional guidance — possibly from the solicitor who assisted in the drafting of the trust deed, in 1966 or thereabouts.

BRIEFCASE

Tell the taxman

I retired at age 60 in 1983 with a company pension but no state pension until 1988. In 1984 I received and completed a tax return form. In 1985 I did not receive a tax form and in due *course wrote to* the Tax Inspector to tell him so but also advising him that I had had no abnormal income and no charge to *capital gains tax. This year* (1986) I again received no tax form and again wrote similarly. Next year (1987) I will have an extra £500 *untaxed income to report* from consultancy work and the following year may well have capital gains exceeding the tax-free limit if I sell part of my land and become liable to tax on it. Do I have responsibility to tell the *tax inspector that he has not* sent me a tax return form and to give a "tax return on plain paper" reporting any liability to additional tax or do I *just sit tight and answer* his questions when asked?

As the law stands at present, all that is necessary (if you do not receive a tax return form) is to tell the inspector that you have an income tax or capital gains tax liability for 1986-87, *for example, before April 6 1988.* If you want to confirm *this, look* at sections 7 and 12 (1) of the Taxes Management Act 1970 in a local reference library, e.g. in the British Tax Encyclopedia or Simon's Taxes.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Forward to bonuses

THE 1986 *bonus season* has arrived. Over the next few weeks traditional life companies will be announcing their reversionary bonus rates for the end of 1986 and reassessing their terminal bonus rates paid on maturities and death claims in 1987.

Investors holding conventional with-profit contracts will be able to assess the progress of *their investments* by *considering* the impact of the reversionary bonus declared by their life company. Those investors hardy enough to have kept their contracts for the full term will see the fruits of their perseverance come through in the combined reversionary and terminal bonus. What can these investors expect?

To start with, it is virtually *certain that there will not be* any cuts in bonus rates for end-1986. The long-predicted bonus cut is still some way off. Interest rates are still refusing *to come down to a level which* would force life company actuaries to consider cutting their reversionary bonus rates. Equity values have shown strong growth during the year, with steady dividend increases, and though property values have still been dull, rental income is still climbing.

So investors with policies maturing in the New Year can look forward to substantial *increases in pay-outs, compared* with investors holding similar contracts which matured during *1986* —if the declarations from Norwich Union and Commercial Union are a pointer for the other life companies.

Norwich Union, as usual sets *the mark for other life companies* to beat by declaring its rates in the middle of December. Scottish Equitable, often first in the field, is this time waiting *until early January.*

As expected, Norwich Union has not let down its policyholders over their maturing contracts. They are getting around *10 per cent more in 1987* compared with pay-outs on similar contracts maturing in 1986.

The company has again recorded a solid investment performance, with its equity dividend income up by 11 per cent and property rental income up by 7 per cent.

But this year the company is passing on the benefit of its strong investment performance primarily through an increase in its terminal bonus rates (additional bonuses in NU terminology). Not only is it keeping *its basic reversionary bonus* rates unchanged yet again, but this year there is no special reversionary bonus being declared as in previous years.

Reversionary bonuses, *once* declared, become guaranteed and added to the basic benefit and previously declared bonuses. Terminal bonuses, on the other hand, are only added at the time a contract matures. So they are much more volatile in nature than reversionary bonuses.

In previous years NU has paid out a large part of its profits in the form of reversionary *bonuses, including special reversionary* bonuses. It has made a virtue of the fact that only a small portion (30 per cent in 1986) of its maturing pay-outs *consist of the volatile terminal* bonuses. With other company pay-outs terminal bonus can account for as much as 50 per cent of the maturity value. In 1987, Norwich Union will have lifted the terminal bonus portion to 37 per cent.

Hugh Scurfield, head of NU's life operations, has defended his actions by referring to greater uncertainties, this year, political and economic, with interest rate cuts still very much on the cards.

NU's asset strength should reassure existing policyholders of the continuation of the reversionary bonus level and that when their turn comes there will be plenty of assets to maintain maturity values. Of the £6bn assets in the NU Life fund, 55 per cent covers the basic benefit existing and future bonuses (at current rates) liabilities, a further 24 per cent goes in paying the terminal bonus, leaving 21 per cent (£1.2bn) of assets as free reserves. This year's record new business should start contributing to profits either this year or next.

Hugh Scurfield still emphasises that it remains the philosophy of NU to maintain a sensible balance between reversionary and terminal bonus. But this year, Commercial Union has taken over the role from Norwich Union as championing bonuses to be given in reversionary form.

CU is maintaining its reversionary bonus rate and is again paying another special reversionary bonus. It has not overlooked the terminal payment—this has increased by a fifth on life contracts and nearly half on individual pension plans.

With NU and CU setting the pattern of unchanged reversionary bonuses and higher terminal payments, no life company operating through independent intermediaries dare cut its bonus rates this year. It would be dropped like a hot brick by those intermediaries.

Post-Christmas announcements by Clerical Medical and Gresham Life confirm the trend of substantially higher bonus rates, making 1987 a good year for policyholders.

Eric Short

CHESS

JONATHAN SPEELMAN won the Kleinwort Grieveson British Chess championship for the third time when he defeated Murray Chandler in a fast time *limit play-off* at the Great Eastern Hotel, London. Speelman, 30, was previously champion in 1978 and 1985, a notable performance for such a competitive event. He was a silver medallist with the England team at the chess Olympics of 1984 and 1986.

Under the watchful eye of John Brew, deputy chairman of the stockbroker sponsors, the British title has steadily gained in status in the past decade until it rivals the Russian and American events as the best in the world. Some *60 players, qualified via semi-finals* or published rating, take part in the final, and there are special places for promising juniors.

To win this year, Speelman faced a real marathon. He tied in the final at Southampton with Murray Chandler and Jonathan Mestel, so the grandmaster trio had to meet again in a double-round play-off. Chandler and Speelman drew twice, while the off-form Mestel lost all four games.

An innovation for the British title, and possibly for any *national chess championship*, was that the decisive play-off was timed at the quickplay rate of half an hour per player for the entire game.

Speelman's final victory proved worthy of the occasion. In spite of the fast time limits, he controlled a currently debated opening system and manoeuvred to exploit Chandler's *restricted bishop.* Black tried to reach a drawn rook ending, but Speelman gave up an extra pawn to simplify into a pawn endgame which he won *by classic tempo play to force a* decisive king entry.

White: J. S. Speelman. Black: M. Chandler.

Catalan opening (Kleinwort, *Grieveson British Championship* play-off 1986).

1 N-KB3, N-KB3; 2 P-B4, P-K3; 3 P-KN3; P-Q4; 4 P-Q4, PxP; 5 B-N2, P-QR3; 6 O-O, P-QN4; 7 *N-K5, N-Q4; 8 N-QB3.*

The latest refinement in a *modern gambit, improving on* 8 P-QR4. White is ready to sacrifice a pawn for a prolonged initiative, while Black plans to return material for *exchanges or active play.*

8...B-N2; 9 NxN, PxN; 10 P-N3, PxP.

A Russian game refuted 10... P-B6? 11 P-K4! PxP; 12 Q-R5, P-N3; 13 NxNP! 11 QxP, B-K2; 12 P-QR4, P-QB3; 13 P-K4, P-N5; 14 P-R5, N-Q2.

Here P-B3; 15 N-Q3, PxP; 16 NxNP is also good for White.

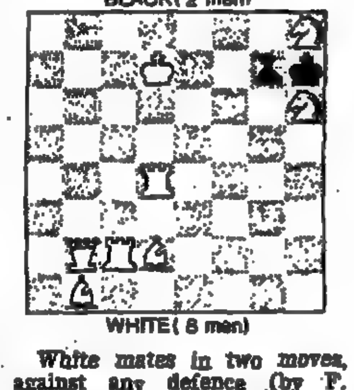
15 PxP, NxN; 16 PxN, PxP; 17 B-Q2, R-QN1; 18 BxNP, O-O; 19 QR-N1, BxB; 20 QxB, P-N3; 21 KR-Q1, Q-B2; 22 Q-Q6!

With a clever tactical idea: 22...QxP; 23 BxP, KR-Q1; 24 BxP ch! KxB; 25 RxB ch and a won rook ending.

22...QxQ; 23 PxQ, B-B3; 24 RxR, RxR; 25 BxP BxB (better B-N4); 26 RxB, R-Q1; 27 K-N2, K-N2; 28 K-B3, K-B3; 29 P-Q7, K-K3; 30 K-K4, P-B3; 31 K-Q4, RxP; 32 RxR, KxR; 33 K-B5, K-B2; 34 P-R3, P-R3; 35 P-B3, P-R4; 36 P-B4, P-N4; 37 P-B5, P-N5; 38 P-R4, K-Q2; 39 K-Q5. Here 39 K-N6, K-Q3; 40 KxP, K-B3; 41 K-R7, K-B2; 42 P-R6 also wins. 39...K-K2; 40 K-B6, K-K1; 41 K-Q6, K-B2; 42 K-Q7, K-B1; 43 K-K6, Resigns.

PROBLEM No. 653

BLACK (2 men)



WHITE (8 men)

White mates in two moves, against any defence (by F. Gamage). Even with huge material superiority, White still has to find a precise opening move.

Solution Page XIII

Leonard Barden

• TRAVEL • MOTORING •

Made-to-measure Caribbean from the deluxe to the dusty

With an embarrassment of choice and some dodgy connections Michael Thompson-Noel goes island-hopping.

IF THE Caribbean did not exist, Europe and North America would have invented and then built it, for it is the ultimate playground. Every palm and pelican, every coral strand, every note of reggae would have been manufactured or assembled and then shipped in.

The result, however, would have been bland uniformity, which is the *last* accusation you would level against the Caribbean as it exists today whatever the homogenising influences of mass marketing and travel.

The islands themselves are mainly the emerging summits of a range of drowned volcanoes, a submarine continuation of the same geological upheaval that created the Andes, and all are scrupulously different, which for first-time visitors can be just a shade confusing.

In *The Traveller's Tree*, Patrick Leigh Fermor described the Caribbean's diversity by arguing that "each island is a distinct and idiosyncratic entity, a civilisation, or the reverse, fortuitous in its origins. . . . There is no rule that holds good beyond the shores of each one unless the prevalence of oddity, the unvarying need to make exceptions to any known rule, can be considered a unifying principle." Later, he says: "Nothing is more than four-and-a-half centuries old and all is improvised."

He is right, of course, as I discovered shortly before Christmas while attempting to island-hop from Anguilla to Nevis — a prosaic journey, normally, but one that was transformed, by rain, into a bungled odyssey that swept me hither and thither and left me mad, bad, and drippingly wet —not, you might say, a novel predicament, but one made worse by the knowledge that my own casual stupidity would cost me dear.

Let me explain. To get from Anguilla to Nevis you take a short ferry ride to St Maarten, and then a small plane ride to Nevis, all of them in the Leeward Islands. Nothing could be simpler, for you are crossing from one knoll of the British, or English-speaking, Caribbean, to another—although admittedly via an island (St Maarten) which is part of the French-Dutch Caribbean and is a free port with three languages and three currencies.

By the time I boarded the plane in St Maarten, the weather was foul. With what I would call insouciance, the stewardess plucked up her microphone and said: "We shall not be going to Nevis today. We shall go to Antigua." This provoked a small riot around me, but of course to no avail. We went to Antigua, where after long negotiation it was decided we would attempt to reach St Kitts, which is next door to Nevis, but not the same thing.

"We hope the weather gets better very soon," said the pilot suavely. And of course it didn't. It got very much worse, so that by the time I was finally decanted on Nevisian soil, it was velvety black night, and I was as drowned as a rat. My foolishness lay in trusting a tiny Caribbean airline to take reasonable care of my battered red suitcase, which clearly spent hours in the pouring rain. The result: a band of luminous red dye across the only suit that ever fitted me, and terminal damage to an extremely beautiful jacket that used to cause a stir in Melbourne and Sydney.

The effect of this unscheduled jaunt was to acquaint me, in a day, with a little of the diversity that is the hallmark of the Caribbean and its multifarious peoples. In the view of Drew Foster, who runs Caribbean Connection, one of Britain's leading travel specialists, the key to the Caribbean, especially for first-timers, is to decide *precisely* what sort of holiday you want.

"For example," he says, "it's not enough to decide that you want to crash out, to loll in the sun, for the islands, when you reach them, are very different. Our advice to first-timers is to spend at least part of their holiday—particularly the start—on one of the major islands, and then to progress to one of the smaller ones. A two-island holiday is the best way to do it."

On the basis of his advice, we can split the "English" market in the Caribbean into three broad groups: first, the tinier islands, whose basic appeal is sea, sun and sand. This group includes the Grenadines, Montserrat, the British Virgin Islands, Anguilla, St Barthelemy, and Tobago. Second, a middle category of larger islands (again, these should be stepping stones in a two- or three-island holiday). This group includes Grenada, St Lucia, Martinique and Guadeloupe (which are French, but a great lure to the British), and Nevis.

Finally, there are the major destinations: Barbados, Jamaica (the complete Caribbean island), and Antigua. From Britain you can fly direct to Jamaica, Barbados, Antigua, St Lucia, and Trinidad. After that, it's a matter of fanning out, by boat or plane, which involves some fatigue and dodgy connections.

My own jaunt took me to Anguilla, Nevis, and Peter Island, which is just off Tortola, in the BVIs (British Virgin Islands). Each was sharply different. Anguilla—frankly—is dusty and scruffy, though it boasts a first-rate resort-hotel, the Malliouhana, which is stark, Moorish, expensive and very quiet. It is run by Leon and Annette Roydon, while the kitchen, which is superb, is directed by Jo Rostang of La Bonne Auberge in Antibes.

In the 1960s, the only place to be in February was said to be Sandy Lane, Barbados, which attracted the café society of two continents. In the early seventies, the place to be was La Samanna, on the Gallic side of St Maarten. Many have tried to outdo La Samanna, by spending mightily; but they have lacked what one American expert calls "the magic, the charisma, the lighting, the voodoo or whatever it is that makes one resort an instant success and others simply places you might consider booking if you find that you can't get into *the* place."

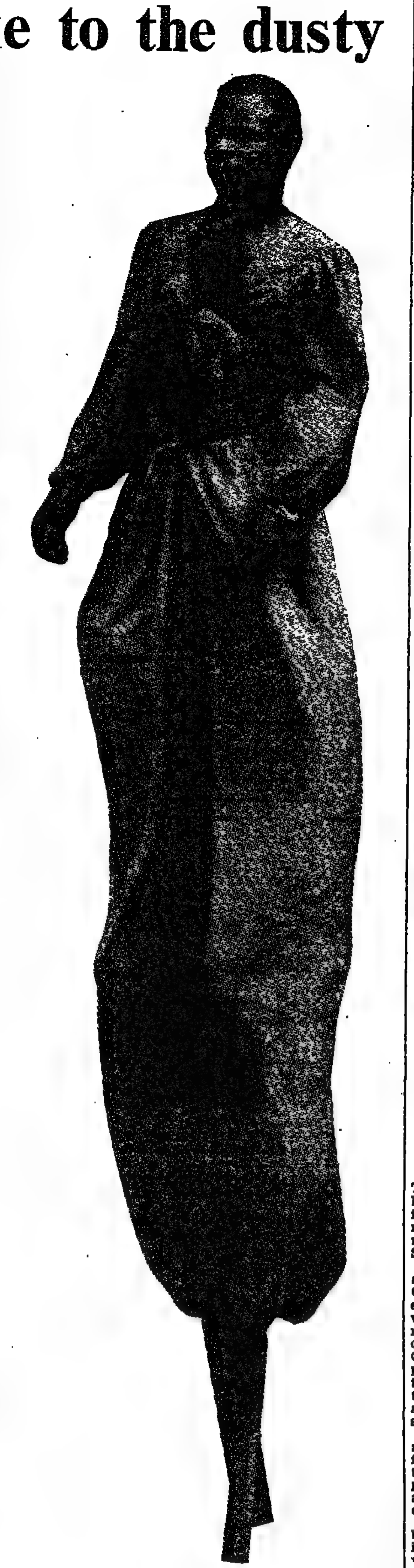
On this reckoning, those now making their mark include Malliouhana, certainly; Jumby Bay resort, just off Antigua, and Peter Island, in the BVIs. Peter Island is certainly *de luxe*, and appropriately expensive.

The most interesting of the islands I visited was Nevis. When Columbus sighted Nevis he is said to have christened it *Nuestro Senora de las Nieves*, Our Lady of the Snows, because of its cloud-capped mountain. It is not a barrel of laughs, because in some ways Nevis is a monument to folly and to busted enterprises—particularly sugar.

In Charlestown, the island's capital, I saw a sign, "Available Now—Rat Poison," which depressed me unaccountably; but it is the sort of place that lures you back, particularly if you stay at Montpelier Plantation Inn, run by James and Celia Milnes Gaskell. This is at 650 ft. where the breeze blows away the mozzies, and most of your worries.

● Caribbean Connection is at 93 Newman St, London W1 (tel 01-930 8271).

● There is no end of guide books. A good all-rounder is The Caribbean, by Frank Bellamy, Cadogan Guides, London, £8.95.



Carnival time on the streets of Roadtown, Tortola

Ronald Crichton finds a grand homeliness at Fontainebleau

Forest of the French kings

OF THE COUNTLESS tourists visiting Paris who have been to Versailles, or pretend they have been there, or at least feel they ought to go, few think of another great palace in a forest less than an hour from the capital. Fontainebleau is not so aggressively splendid as Versailles, which is perhaps why it is more likeable, less exhausting. Versailles was a grand idea, a substitute capital, the creation of one powerful and determined monarch, Louis XIV. Fontainebleau is an accumulation, grown gradually over the years out of a hunting-lodge by a spring in the woods.

Various rulers stayed there and built on a modest scale before Francois I decided to put his mark on the place in a big way—literally, in the case of carved initial F's on some of the chimneys. Napoleon preferred Fontainebleau, where he was out of the shadow of Louis XIV (unfair competition when it came to *la gloire*) and could, with slender justification, feel himself one of the line of French kings. The process of enrichment did not stop with Napoleon. Dumpy Louis-Philippe did much, not all of it happy, and the work was continued by the last couple to reign over France, Napoleon III and Eugénie.

The piecemeal growth and even the confusing ground-plan, with the great courts sticking out unevenly from the centre which is not a real centre but more a link—the great gallery of Francois I—ensure, on the grandest possible scale, a kind of homeliness. In sunlight the colours of the exterior are ravishing, with steep slate-blue roofs, pink brick and pale cream stone, all recently cleaned. The vast scale absorbs the ornate detail. Some of the best building, like the simple, deeply satisfying Cour des offices built for Henri IV, is not ornate at all.

Inside there is more magnificence, in the great state rooms on the first floor and the gorgeous jumble of the *petits appartements* on the ground level. Because of the strong feeling that the place was loved and lived in by successive owners and because of the patina acquired over the years, Fontainebleau is in some ways more like an English than a French palace. The state rooms are full of the work of Italian artists brought to France by Francois I, among them Primaticcio and Rosso. The "Fontainebleau style," with its elongated figures and elaborate decoration, is more approachable in the right setting, as part of an ensemble of resplendent ceilings, frescoes, sculpture and stucco work, than when it is examined piece by piece in a museum.

The apartments below, "little" indeed by these grandiose standards, glow with fine furniture, paintings and hangings, reflecting the changing tastes of the succession of kings, queens and favourites. The guide points out how Napoleon made sure the rooms allotted to his fearsome parent, Mrs Mère, were as distant as decently possible from his own.

There is too much, of course, for more than a general impression to be got in one day. In any case, if you are wise you will space out the interior with breathers in the gardens with their trees and wealth of water — fountains, a carp pond and a grand canal. Beyond them there is always the forest, still vast and wild in spite of the roads cut through, with clearings full of saplings, gorges and a scattering of rocky outcrops. Deer abound and wild boar, they say, can be seen in the winter.

WEEKEND FT BREAKS

On one of the roads to the north of the town lies the village of Barbizon, which gave its name to a school of 19th century landscape painters including Millet, Théodore Rousseau and Daubigny — "a movement," wrote Clive Bell, "full of enthusiasm, honesty, industry and good will." Barbizon may be hell in summer; at other times, without a coach party in sight, it is pleasant enough. Nearby, on the edge of the forest, are wide, rolling fields easy to populate in the mind's eye with Millet's gleaning peasants.

Driving to the south, where the forest comes right up to the palace grounds, you find more grey-white villages, trim in a way suggesting the French equivalent of gentrification — this is commuter country. In one of the villages, Grez-sur-Loing, lived the composer Delius. Here, when he went blind, he dictated his last works to Eric Fenby. The house is private, but you can dream of summery music on the ancient bridge, watching the water flow slowly towards the Seine.

Commuter country this may be, but enviably unspoilt, green and peaceful. Downstream from Grez is the old town of Moret-sur-Loing, where the Impressionist painter Sisley spent his last years. The Gothic church of Notre Dame replaced a slightly earlier one consecrated by Thomas à Becket. There is another venerable bridge. It was near Moret that Napoleon stage-managed an "accidental" meeting in the forest with Pope Pius VII, come to crown him Emperor — nobody was sure about protocol or precedence.

To end on a practical note, this is Brie country. If you taste that cheese at Fontainebleau you may feel less kindly about your local supermarket.

There is a fair number of hotels in Fontainebleau, mostly near the centre and the main entrance to the palace. One which may be overlooked because it is a few minutes' walk away is the Legris et Parc, a comfortable old building in the rue du Parc, a quiet street to one side of th palace, with easy access to the grounds. A double room with bath costs about £30. Fontainebleau is reached by road from Paris via the N7 off the A6. These are hourly trains from the Gare de Lyon.

Fontainebleau is not so aggressively splendid as Versailles but is maybe more likeable

Stuart Marshall finds 4-wheel drive comfort and competence

On-road glide, off-road grunt

THE CAR that broke the Range Rover's monopoly of the comfortable and civilised end of the recreational four-wheel-drive market was the Mitsubishi Shogun.

Mercedes had earlier tried and failed to do so with its G-car. Although magnificently engineered, the *Geländewagen* was too expensive for those who merely wanted its cross-country capability, too ugly for the Chelsea farmers. They still prefer Range Rovers because they are macho, go nicely with their immaculate Barbours, and are socially acceptable in the shires or London W1.

The Chelsea farmers can still afford to buy them at £18,252 for the standard four-door, up to £22,533 for the increasingly popular Vogue version with automatic transmission and air conditioning.

The Shogun, which costs between £13,249 and £15,799 in its five-door, long wheelbase version, has been so successful that it now accounts for nearly 25 per cent of Mitsubishi's car sales in Britain.

Like the Land Rover (which is still the best blood and guts off-road vehicle sold in Britain), the Shogun comes with long or short wheelbased chassis. Unlike most on-off road vehicles it has independent front suspension, which makes a contribution to its almost car-like behaviour on the highway. The short chassis Shogun has a fairly turbulent ride on rough surfaces; but the long wheelbase turbo-diesel I used before Christmas as a car substitute rode acceptably on country lanes and most comfortably on motorways.

A number of changes have been made to the 1987 Shogun range. The five-door estate can now be had with a lower roofline—which is better for low garages or underground car parks—although my test car had the high roof which lets rear passengers sit upright wearing hats. The turbocharged diesel is now of just under 2.5 litres capacity and produces 84 horsepower at 4,200 rpm, maximum torque (pulling power) at 2,000 rpm. The 2.6-litre petrol alternative is more powerful (102 bhp at 4,500 rpm) but cannot quite match the diesel's low-speed pulling power (or grunt, as it is known in the off-roading community).

Grunt is very important to the serious off-roader because it reduces the risk of traction loss through wheelspin in really difficult conditions. But, of course, very few people who buy Range Rovers (or, come to that, Shoguns) force them through hub-deep morasses. They are driven mainly on roads, with their all-wheel-drive facility reserved for the occasional excursion down a slithery farm road.

The Shogun does not have permanently-engaged four-wheel-drive like a Range Rover On the road, the drive is to the rear wheels only. Four-wheel-drive, with the customary high and low ranges, is engaged by pulling a small lever.

Turbo-diesel power gives the Shogun good fuel consumption. An owner should see 23-35 mpg if too much 70-75 mph cruising on motorways is avoided. The four-speed automatic transmission, speed-sensitive power steering and the lightness of all controls makes the Shogun very pleasant to drive and particularly easy to park. Seats, fascia and noise levels inside are those of a car, not an on-off road vehicle.

Behind the rear seat, which takes three with room to spare, are a pair of occasional seats that fold away. They still take up a fair amount of space when folded and the Shogun's load floor is not as generously proportioned as a Range Rover's. Nor is the side-hinged rear door, on which the spare wheel is mounted, as convenient for loading and unloading as a horizontally split tailgate. The door tries to close itself if the Shogun is parked on a steep slope.

But as a car substitute, with the muscle to handle a heavy trailer and the traction to go across country, the automatic, turbo-diesel Shogun seems an attractive proposition.

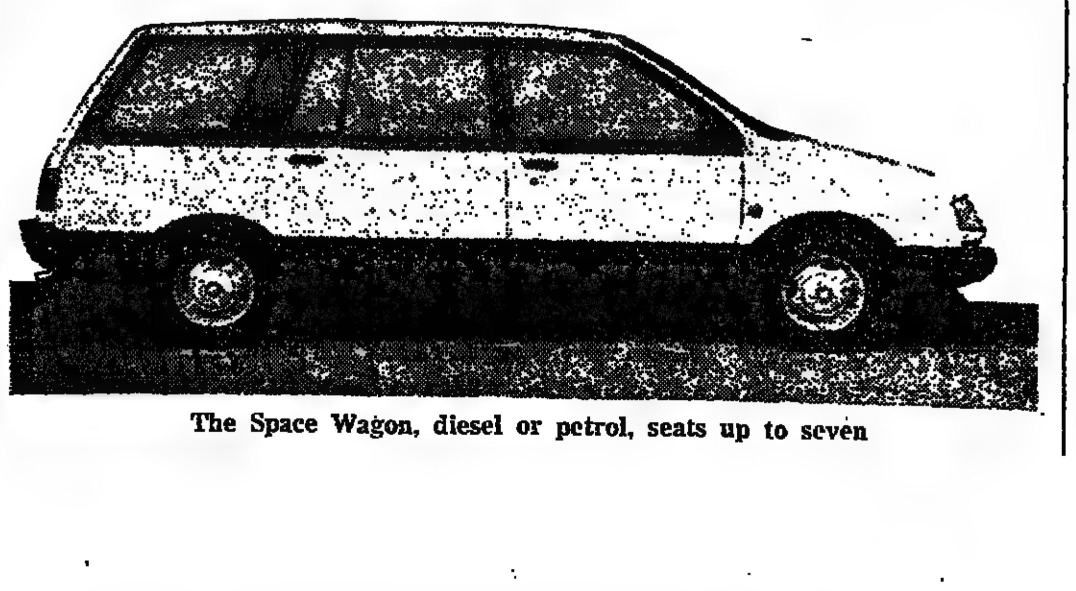
Having spent an enjoyable week with the Shogun, I swapped it for another Mitsubishi turbo-diesel which has only one European counterpart, the Renault Espace—and this is not sold in Britain with a diesel.

The Space Wagon is well named because it seats up to seven on three face-forward rows, yet is 4 in shorter than a Ford Sierra. You sit fairly upright for a commanding view over the very short bonnet but it drives like a car, not a van. The ride is good, the power steering effortless, and the 1.8-litre turbo-diesel as quiet and almost as lively as a petrol engine.

On the motorway, the Space Wagon turbo-diesel hummed along at businessmen's cruising speeds. The velour-trimmed seating is like that of an executive car and it is easy to enter and leave and it struck me as ideal for a family who need a car that is big inside, small outside.

With a sweet five-speed manual gearbox, the turbo-diesel Space Wagon is £9,999, to special order.

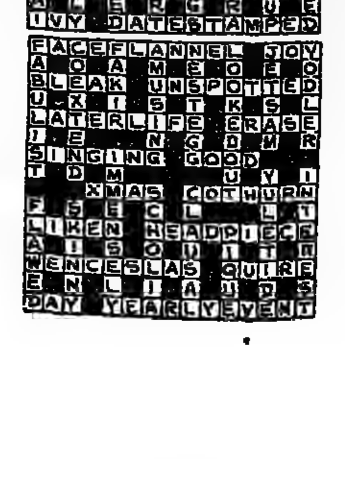
The Shogun five-door, seven-seat estate



The Space Wagon, diesel or petrol, seats up to seven

Solution and winners of the Christmas Crossword

Mrs C. M. Bovaird, Edgbaston, Birmingham; Mr L. Cartwright, Pool-in-Wharfedale, W. Yorkshire; Leonora Collins, London SW15; Mr J. M. Harvey, Glasgow; Mr G. C. Newman, Chertsey, Surrey; Mr D. M. Lewis, Oxford; Miss Lynn Baker, Edinburgh; Mr M. J. Share, Wednesbury, W. Midlands; Mr I. Stowell, Brislington, Bristol; Miss C. Matthews, London E9.



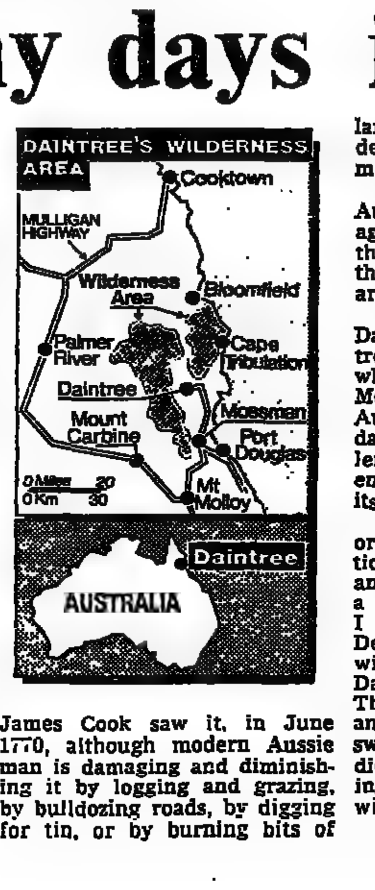
Special Places

Michael Thompson-Noel discovers a scrap of paradise in Queensland

Rainy days in Daintree

OF ALL THE magical places in Australia, one of the most memorable is the scrap of paradise near the continent's north-eastern tip that is the Daintree rainforest. It is a fragment of Atlantis. This is not purely fanciful, for the Daintree region was spared the volcanic holocausts that devastated northern Queensland in the past 20m years, and shelters primitive plants and animals that date from well before the break-up of the supercontinent of Gondwana.

It is a small area — about 140 kms north-to-south by no more than 60 kms wide — that is as intimate as an emerald and contains enclaves and vistas of heart-wrenching beauty: reef-fringed coastline, bone-bleached beaches, belts of mangrove, smothering walls of forest, orchids and ferns, and far granite peaks. In all, the Daintree contains more than 30 types of tropical rainforest, and thousands of species of plants and animals — many yet unnamed, or still to be discovered.



Essentially, it is just as Capt James Cook saw it, in June 1770, although modern Aussie man is damaging and diminishing it by logging and grazing, by bulldozing roads, by digging for tin, or by burning bits of land so that real estate developers can grab their next million.

Fortunately for all of us, Australia's conservationists are aggressive and intrepid, so that the wreckers and despoilers and the eccentric State Government are being confronted face-on.

With just a little luck, the Daintree and its biological treasure house will survive a while longer, although as Geoff Mosley, director of the Australian Conservation Foundation, says: "The main problem of the Daintree is how to ensure that it is conserved in its natural condition."

You can drive from Mossman or Daintree to Cape Tribulation, and thence to Bloomfield and Cooktown. Or you can hire a four-wheel-driven cruiser, as I and a companion did last December, and pierce the wilderness directly north of Daintree, en route to Cooktown. This is not an easy ride. Within an hour, we were drenched in sweat (the air-conditioning didn't work) and were screeching like parrots as we wrestled with the vehicle.

We eventually settled down, but for the return leg resorted to the Mulligan Highway, and gave ourselves a break.

The Daintree wilderness and adjacent coastal areas host an extravagant array of wildlife, though it is not easily glimpsed. There are green-eyed frogs and blue-and-crimson crayfish; lorikeets and pelicans; salt-water crocodiles which you simply *must* avoid; frilled dragons and some very nasty snakes. In addition there are at least 74 different mammal species, some of which are unique, such as Bennett's Tree-kangaroo—yes, a kangaroo that lives in trees—and the Daintree River ringtail possum. Others occur more commonly, including the grey kangaroo, the wallaroo, and several types of wallaby.

An outstanding souvenir of Australia is a magnificently-photographed book called *Daintree: Where the Rainforest Meets the Reef*, by Rupert Russell, published jointly by Kevin Weldon and Associates and the Australian Conservation Foundation (about $25). It may be a record of a paradise that is doomed. We must keep our fingers crossed.

John Brennan reviews 1986 developments in the property world and analyses the prospects for the coming year

Stable market likely to continue

THERE IS a remarkable degree of *unanimity* amongst estate agents, building societies, and housing forecasters of all *shapes and sizes about the pros*pects for the residential property market in 1987. After what John Simpson, chairman of Connells, describes as "a vintage year" for residential property sales, the consensus is that we *will* see a continuing, steady increase in house prices, a further rise in the number of private *housing starts*, and *no* shortage of home loan finance.

But that's *only* the background, the "10-per-cent-a-year-average-price-increase-and-no-real-change" feeling that most observers tend to see when they look at housing averages in 1987. Alongside that essentially stable market we are also likely *to see some radical* moves in the housing business this year.

Whether the current system of tax relief on mortgage interest payments will see the year out is a moot point, since housing policy—and homeowners' tax concessions in particular—is bound to become a key area of debate in what looks increasingly certain to be an election year.

As far as the election is concerned, the need to avoid alienating 63 per cent of the country's households is a pretty solid reason for assuming that there will be no overt terrors *for* homeowners in the party manifestos.

Although fiscal neutrality remains a theoretical aim of the Conservative Party, Chancellor Nigel Lawson is hardly likely to challenge Prime Minister Margaret Thatcher's promise that mortgage tax relief will remain as long as she occupies her tied-house in Downing Street.

For its part, the Labour Party's leadership is just as conscious of the owner-vote, and has successfully side-stepped repeated party conference calls to include a commitment to reverse the "Right to Buy" programme for council tenants as part of its official policy. On the other hand, the £4.75bn a year that Labour's shadow social security minister Michael Meacher describes as being "handed out unconditionally to owner-occupiers no matter how well off they are," would hardly remain unaffected if the Kin*nocks were to inherit Downing* Street. Mortgage interest relief restricted to standard rate tax levels alone would also be on the cards in the event of an SDP-Liberal Alliance success at the polls.

Now that the Duke of Edinburgh (in his national housing report), the Church of England (in its analysis of housing problems "Faith In The City"), The Royal Institution of Chartered Surveyors, and most of the housing action groups, like Shelter, have all criticised the distorting effect of tax relief on the housing market, it is hard to see how the concession can survive intact for very many more years.

Would the end of mortgage tax *relief, or at least* the end of the higher rate tax concessions, knock the life out of the housing market?

No-one seems to think that it would.

The building societies have consistently argued that a phased withdrawal of tax relief might temporarily dampen loan demand, but that it would not permanently disrupt either the shift towards home-ownership *or—after a period of* adjustment—the pace of house price increases.

Anthony Ball, head of Strutt & Parker's national estate agency department, takes the view that tax reform of mortgage interest could result in "house prices in the lower and middle ranges continuing to increase more rapidly than at the top end of the market, a reverse of the current trend, where demand for quality propery is outstripping supply."

He also makes the point that inflation rather than tax reform is a more critical factor for house prices. "Traditionally," he says, "the election of a Labour Government has been *followed* by a period *of* inflation in which house prices have performed well."

Domestic valuers will, then, be gathering more useful information from the inflation figures than from the political opinion *polls in 1987*. But for agents dealing in overseas properties, political uncertainty looks like ensuring a bumper year for sales.

Although Labour Party policies aimed at more direct management of institutional investment have revived the prospect of reintroduction of a form of exchange controls, those controls are not expected to extend to individual propery transactions abroad.

That exclusion is a minor detail as far as the increasingly popular "buy now before Roy Hattersley gets his hands on your money" style of villa sales and offshore fund advertising goes. *Agents for holiday and re*tirement homes in the Channel Islands, on the Isle of Man, and along the Spanish and Portugese coasts, are preparing for an increasing number of pre-election buyers. Those who are buying now are reported to be as concerned about the impact of a general election campaign upon the value of sterling as on any formal threat of a new ban on the export of cash.

That "buy abroad" theme for 1987 extends to timeshare, a business that starts the year with a concerted campaign to counter what a number of the developers describe as a "press vendetta" against them.

On the positive side, major UK housebuilders—who generally only got involved in the business by bailing out cash-strapped independent developers—have begun to take serious notice of the far higher profit *margins* they can get selling the same property fifty times over than from battling the UK weather and planning authorities to earn a few thousand pounds a time on starter homes. This year, as an example, Wimpey Homes' marketing director John Attenborough switches over full time to expand the group's overseas villa and timeshare development and sales programme

On a less cheerful note, it is understood that the Department of Trade is currently investigating the investment claims and policy of at least one high profile, UK-marketed timeshare scheme. So 1987 should have its full share of the kind of newspaper stories that drive timeshare developers into a defensive rage.

The market for residential investment in the UK—directly related as it is to the health or otherwise of the corporate rental market—faces a year of conflicting influences. On the one hand, with more rental stock on the market as develop*ers have created a mass of im*pressively refurbished one, two, and three bedroom flats in Central London aimed primarily at the corporate rental market, those who do want a temporary home in London have a greater choice than at any time since the Second World War. On the other, as Harold Phillips of rental specialists Phillips, Kay & Lewis says, "We see no slackening of demand from investors."

Expatriates in Hong Kong and across the Far East provide the main source of investment money for flats—mainly up to *£200,000 a time—rented out by* P K & L to show a net 7 to 7.5 per cent return, and a significantly greater capital gain on resale.

Any exodus of foreign business staff as a result of a change in the political climate would cut the heart from this investment market by undermining the demand for rentals. But this aspect of the London residential investment market is now fairly well insulated from the vagaries of domestic politics. As *Harold Phillips says*, "So long as there is not a major international trade war, London will still be an international city, and it will need to have a central rental market."

Hattersley: estate agents' anti-hero

Louise Elwis of Farrar Stead & Glyn, a *later* entrant in the rental business, argues that the high cost of Central London flats cuts rental yields so much that it is advising new investors—again primarily the expatriates—to buy in areas like Fulham and Clapham for returns nearer 9 to 10 per cent net. Phillips, however, would buy as *far* west as *Earls Court and* north to Hampstead. Otherwise, he says, "You cannot be sure of getting a good tenant, guaranteeing letting all the time, and getting possession to sell in two or three years time."

Neither Farrar Stead nor Phillips regard London Docklands as sufficiently established to risk rental investments yet. Their tips for areas to keep an eye on in 1987 are, respectively, "Tooting, Streatham, Kennington, and even *Vauxhall, which is* the next logical place, but which is something of an untouched oasis at the moment." Phillips still sees scope for increases in value in Notting Hill.

The rental specialists' concern about Docklands isn't shared by the queues of flat buyers who have continued to put deposits down on developers warehouse conversions and new-built waterside apartment blocks the minute their plans are unveiled. In 1987 their confidence will be rewarded with the completion of the first phase of the *Docklands Light* Railway, linking Tower Gate, Stratford, and the Isle of Dogs. The trains will be operating from July with fares similar to those on the London underground.

That rail link makes a sufficiently large breach in the psychological barrier between Docklands and the rest of Central London that even those who are cautious about the scope for further increases in Docklands prices after the spectacular price rises of the past three years expect a lively spring and summer for the increasing number *of agents with offices in* Wapping, Limehouse, or on the Isle of Dogs. There all conversations are conducted with crossedfingers because so much depends on the Canary Wharf consortium being able to reveal a major tenant for its majestic, 8.8m sq foot £3bn office project, apart from its sponsoring US banks.

Other central London agents look for the fastest price growth this year in the west, following the underground links from the City out past the established high value residential areas *into Shepherd's Bush (where* the development of the BBC's vast new centre is already drawing in gentrifying buyers) and on to Ealing (the new home for the Japanese School in London and, as such, likely to figure for the first time *on* the international relocation maps of Tokyo bankers).

Wimbledon is another area that wins the vote of many Central London agents as a suburb sufficiently well connected to win honorary "central" area status, and prices.

Private housebuilding had an excellent 1986, with the highest *level of new starts for 12 years* and the National House-Building Council saying that its earlier forecast of 150,000 new homes will be "far exceeded."

This year, only the scarcity and cost of land in the South *East holds* back the builders who, despite the Prince of Wales' criticism about concreting-over greenbelt, have in fact, built 45 per cent of all new homes since the war on reclaimed land. In striking contrast to the private builders' efforts, the Chancellor's spending programme for housing authorities in 1986-87, allocating a gross total of £2.53 billion, is expected to leave scope for the construction of only some 22,000 council houses or flats—a fifth of the approved total being completed at the beginning of the decade.

The only cheerful prospects on the public-sector housing front stem from the increased support for housing associations, and, more critically, from this year's arrival of the building societies in the open market as housing developers on their own account, and as direct financing partners in housing projects for sale, and for rent.

The societies' new powers under the 1986 Building Societies' Act came into force on January 1, and while at least 90 per cent of the business of *this £120bn section of* the finance industry is to remain in the traditional area of savings and loans for home buying, the balance is sufficient to allow for radical changes in building society business.

Apart from investment services and insurance sales alongside the deposit accounts, the *major societies now* have the option to compete with the banks in offering unsecured loans, not just to furnish as well as to buy a home, but to put a car in the garage, go on holiday, or spend on whatever else appeals.

The societies will also be able formally to enter the bidding for estate agencies, although those that plan to buy have been quietly lining up their bid targets since last summer.

Rather more than half a bil*lion pounds worth of estate* agency purchases in the last couple of years have brought 2,500 offices, 17 per cent of the estimated 14,500 national total, within the evolving national networks of banks or insurance companies.

Graham Clay, chief of the Prudential Property Services, indicates just how big those individual national networks may eventually become like the Nationwide Building Society, the *Prudential was talking* in terms of 400 or so offices when it started on its buying spree last year. Now, with £125m spent on 350 offices, Clay says that "current indications are that ultimately PPS will have in excess of 800 residential branches *plus* some 100 non-residential operations."

Independent agents, *like Con*nells, tend to take a fairly dismissive view of the quality of service offered by the financial groups' agency networks. Chairman John Simpson reports that a fair number of senior refugees have been joining him from practices newly acquired by banks and insurers, and he *warns that the big new networks* may be able to add business in a bull market for housing, but that they'll be struggling if the market turns.

"We are much stronger in that situation," he says, 'because we're not cobbled together to make up some planned number of offices around the country."

Certainly, the financial groups buying agency *businesses* will find it tougher going in 1987 as the remaining independents are found to be either unsuitable, or unwilling to bear someone else's brand.

May this year will also see the end of the Savills partnership. Not that there will be any change in the firms business, or any new owners to share Savills' *signboards. It is taking* what the agency world these days sees as the "Casenove route." Just as the blue-blood City brokers remained aloof from the conglomerations of the "City's Big-Bang"—so Savills plans to stay independent, but to adapt to a changed market.

Knight Frank & Rutley and a number *of the remaining big* name independent agents cannot be far behind Savills in changing their form, if not their ownership this year.

As for their markets, Savills' Victoria Mitchell makes a bravely specific forecast that, in central London: "Absolutely prime and very special residen*tial property* will probably rise by a further 4-7 per cent during 1987, but otherwise prices will remain stable." Her country property colleague Geoffrey van Cutsem talks of a more cautious country house market in 1987, after a hesitant autumn, with a rough guide of a 10 per cent price rise in south-east England housing, and only a nominal increase in the north.

This north-south divide doesn't take account of pockets of strength in the market—such as the stockbroker belts of Birmingham and Manchester, or the York-Harrogate-Leeds *triangle*—but these are exceptions to a distinctive rule that prices fall as you travel north beyond Northampton.

Right now you could buy a row of six three-bedroom terraced houses in Hull for half the price of an average studio *flat in* Kensington. And this gap shows no sign at all of narrowing as we enter 1987.

As John Spalding, chief executive of the £25bn Halifax Building Society, says, "In absolute terms the gap *is historically* very wide, and what we are seeing is a significant widening of the divide, with relative rates of house price inflation of 20-25 per cent on London and the South East and well under 10 per cent in the northern regions."

He doubts if free market *forces* alone will be sufficient to resolve the problem. "The political and social consequences of 'two nations' are, so far reaching that the issue is no longer for academic debate, but for urgent action. There is, not much time."

Peter Gillman reports on the long-running battle between conservationists and fishermen

Why anglers are swinging the lead

Anne Morrow

WHEN Environment Minister William Waldegrave recently announced a ban on anglers' lead weights it appeared that a hard-fought campaign by conservationists and bird-lovers had reached a triumphant conclusion. The weights have been decimating Britain's swan population and Waldegrave said that "none of us can stand by and wacth thousands of swans die each year unnecessarily."

But ironically, it is the anglers and not the conservationists who have since professed themselves the more satisfied with Waldegrave's move. Peter Tombleson, director of the National Anglers' Council, described it as "great news for us—the government have given us exactly what we asked." At the Royal Society for Protection of Birds (RSPB), by contrast, conservation planning officer Gwyn Williams, who had campaigned hard for new regulations, condemns them as "unclear and probably unenforcable."

The conservationists' frustration stems in part from the fact that it has taken them almost 10 years to reach this point. In that time they have had to contend with apathy and then determined resistance by the angling world, whose behaviour can be considered less than meritorious at times. The saga also shows how an apparently clearcut moral issue becomes considerably more complex and intractable when political realities have to be taken into account.

It was in the late 1970s that bird-lovers first noticed that swans were disappearing from well-known nesting sites on the Thames and Avon. When some bodies were found, post-mortem examinations revealed that the swans had been poisoned by the tiny lead pellets that anglers use to weight their lines. Swans ingest the pellets into their gizzards along with the gravel they take in to aid their digestion; and whereas the swans expel the gravel again, the denser and heavier pellets settle in their gizzards. A dozen pellets can kill a mature swan, six or less a cygnet.

Among bird-lovers, there was no doubt who was to blame: Britain's 2.2m "coarse" fishermen. (In the caste divisions of the sport the term is peculiarly apt: it encompasses the mainly working-class anglers who fish for species such as tench, roach and pike, as opposed to the more patrician "game" fishermen who pursue salmon and trout). All too often they would spill their lead weights on the riverbank or simply abandon them, along with broken tackle. In 1981, a survey conducted by the Nature Conservancy Council concluded that lead weights were killing as many as 3,000 swans a year.

With conservationists pressing for government action, a royal commission on environmental pollution recommended in 1983 that lead weights should be banned. The Department of the Environment (DoE) responded by calling for "a withdrawal of lead by voluntary means" but promised to consider legislation "if necessary."

At first, anglers were able to protest that if they could not use lead weights, they would be unable to fish at all. But by 1985, tackle manufacturers were producing non-toxic alternatives made from substances such as tungsten or putty, and the DoE announced that if anglers did not stop using lead weights it would introduce legislation by the end of 1986.

With that threat hanging over them, the angling authorities, headed by the National Angling Federation (NAF), were at last stirred to action. They banned lead weights from official competitions and joined forces with the lead industry—whose parliamentary consultants had advised it not to contest the issue — to set up disposal points where the offending weights could be collected. They tried to minimise the damage by blaming a "lunatic few" among anglers, while also adopting a quasi-libertarian stance, attacking "people who know nothing about fishing interfering with our sport."

But the angling authorities suffered from an overwhelming disadvantage. The sport is only randomly organised, and barely one-fifth of Britain's coarse anglers belong to clubs affiliated to the NAF, which could therefore impose no effective sanctions.

Meanwhile the campaign against them was mounting: the RSPB—with 500,000 members Britain's largest conservationist group — distributed 40,000 posters to schools, where its message was falling on fertile grounds. Among today's "green" generation, where doctrines such as animal welfare and vegetarianism are taking hold, anglers were fast moving beyond redemption.

Aware that the battle had moved on to a wider front, the anglers mobilised new resources. Last March, the NAF struck a sponsorship deal with Bryant and May—makers, appropriately enough, of Swan Vestas matches—worth £250,000 over three years. Bryant and May's publicists, Chambers Cox, found the anglers acutely sensitive to the criticism over swan deaths—"they felt that people were looking on them as killers"—and did all it could to stress the NAF's attempts to suppress lead weights. Soon afterwards the angling trade, which has been suffering from falling sales, mounted a £100,000 publicity campaign entitled "Take a friend fishing."

But in May came damning evidence that the angling authorities' moves had largely failed. A new survey by the NCC found that individual anglers had done little to mend their ways: 86 per cent continued to use lead weights, discarded weights and tackle still littered the river bank, and swan deaths had not declined. The NCC concluded that "legislation to ban the use of lead weights on a national basis is needed as soon as possible."

The fishing authorities did not publicly contest the NCC's findings. Instead, they concentrated on lobbying the DoE — and when William Waldegrave announced his move against lead weights in October, they had won two important concessions. The NCC had called for weights to be banned up to two ounces, but the Department fixed the limit at one ounce.

Although very few swans are killed by weights between one and two ounces, the compromise was enough to disappoint the NCC. "We don't think enough has been done," says Peter Clement, who helped to compile the NCC report.

The second concession is likely to prove more significant. The NCC had called for the *use* of lead weights to be banned; the fishing authorities argued that any ban should affect only the *importation and sale* of weights, and the government's move, under the 1974 Control of Pollution Act, does just that. Responsibility for controlling lead weights will fall to the government's hard-pressed Trading Standards Officers, and conservationists question how effective they can be.

The DoE says that it could not have secured the parliamentary time that a full ban on lead weights would have required, since next session it will be preoccupied with the Broads Bill which will give Norfolk and Suffolk Broads the status of National Parks. But it does point out that lead weights could be banned under bye-laws drawn up under the Salmon and Freshwater Fisheries Act of 1975.

Conservationists are not reassured, since it means that responsibility will pass from the DoE to the Ministry of Agriculture, Fisheries, and Food (MAFF) whom they regard as far less sympathetic to their cause. MAFF's initial response is hardly encouraging: it says that the matter remains "very speculative" as it has yet to prepare a model bye-law, and will also be consulting all interested parties, thus giving the anglers yet another chance to press their objections.

Nor is it certain that the bye-laws will be implemented, for —as MAFF admits — that will be for the individual water authorities (there are 10 in England and Wales) to decide. Conservationists consider that the water authorities' Fishery Committees are heavily weighted towards anglers and wonder how determined they will be to prosecute their recalcitrant colleagues. "We said bye-laws would not work and wanted national legislation," says Gwyn Williams of the RSPB. "I have grave doubts whether the bye-laws can be made to stick."

The DoE argues in response that it has made "a bold and brave move" in taking on 2.2m anglers at all, adding that the most important point is that disapproval of lead weights is now firmly enshrined in law. The NCC, which remains unconvinced, says that it will continue to monitor the use of lead weights and will report again next year.

Some conservationists believe that there are further battles to be fought, and point out that other items of anglers' hi-tech fishing equipment can prove as damaging as lead weights when discarded or abandoned. They include razor-sharp "barbless" hooks that pierce a bird's skin on touch, and nylon monofilament lines that are virtually indestructble so that once entangled a bird cannot break free.

However, it is unlikely that anglers will be subjected to a new onslaught, as some veterans of the lead-weights campaign have grown weary of the fight. RSPB's Gwyn Williams says: "I would be unhappy running a further campaign ending in legislation when I want to rebuild links with anglers on issues such as water pollution."

Williams believes that his main goal should now be to rebuild bridges to the angling world, and the anglers agree. The two groups recognise that they can achieve more by working together, thus reforging the intriguing alliance between field sports and wild-life enthusiasts to preserve the countryside for their contrasting aims.

Gardening

A frost-free annual review

January primroses, geraniums for the New Year. 1986 has been a crazy year for most gardeners, reflects Robin Lane Fox.

ON ANY retrospective view 1986 was a crazy year for anyone who gets earth on their hands. It was my year for moving gardens and eventually settling in ever more ground than before.

The weather did the oddest things. It froze later and longer than usual; it rained for most of the summer, and has been beaming benignly for most of the subsequent winter. You may have shared the view that gardeners' weather went haywire in 1974 with the election of the last Labour Government, and has been struggling, like markets, to recover from the shock ever since. Unless you read 1986 as a political prophesy for 1987 the theory has taken a severe knock.

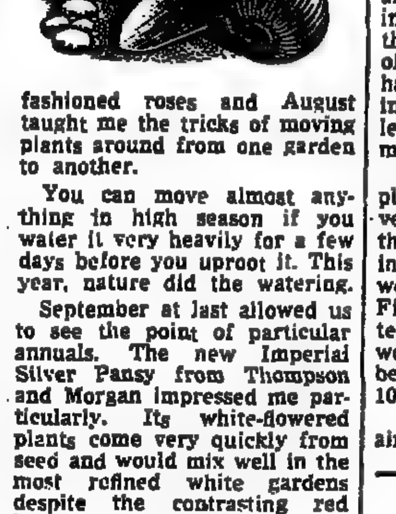
What can be learned from it all? While weeding this week, I am tempted to say that we have learned that auriculas and primroses like to flower in January, that sun roses will open for Christmas, and that the Veronicas, geraniums and several roses which are advertised as flowering in June, are really just as happy to open their buds for the New Year. The array of frost-free flowers has now become preposterous. In previous years, this extra season has done its participants no harm for they seem to be willing to reset clocks and return to normal in time for next summer. It is a bonus without bother, but like some bonuses it leaves one feeling rather uneasy.

After all, remember last February. It did not cause damage on the scale of the winter in 1981-1982, but ruined many good stands of conifers (whatever you think of them) and made a mess of some fine runs of hedging. It made me wary of much displayed at the big flower shows in the summer. So many of the novelties are at best marginally hardy. Those handsome abutilonsand cicsuses, unusual rosemarys and ceanothuses are not a proper backbone for gardens of the 1980s in most of the Kingdom. Nor are the lovely pittosporums which Hilliers exhibits at Chelsea year after year.

When planning gardens since the spring, I notice that I have been taking no risks with their centrepiece. After three sharp winters out of five it is no use planning round a big buttress of ceanothus or a low clipped hedge of myrtle. The old division has been reasserted, between plants which persist and decorative plants which come and go. Good old box, yew and Portuguese laurel have not been surpassed as the hard core of a garden's design.

When spring finally broke it reminded me of things you probably know, that the named blue forms of the familiar Pulmonaria or Spotted Dog, are now too good to miss, that the shocking pink flowers of the small shrubby Prunus Tenella are lively in a spring border, that most of us are too blind to the easy beauty of shrub willows and that however hard the winter, the wretched little bitter Cress or whtie flowered Cardamine still flowers everywhere and catapults its seeds for yards if you do not pull it out in early April when first buds are opening.

A late but pleasant spring gave way to that brief forgotten heatwave in June which set many bedding plants back for the next two months. The heyday of annuals fell much later in September when the weather settled fair and dewy. In between, early July saw a magnificent run for the old



fashioned roses and August taught me the tricks of moving plants around from one garden to another.

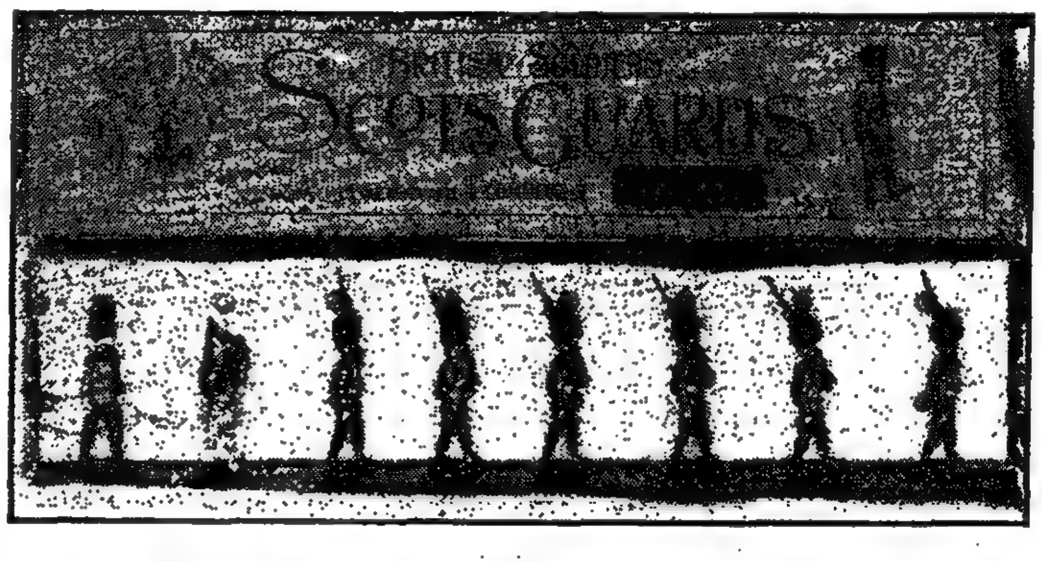
You can move almost anything in high season if you water it very heavily for a few days before you uproot it. This year, nature did the watering.

September at last allowed us to see the point of particular annuals. The new Imperial Silver Pansy from Thompson and Morgan impressed me particularly. Its white-flowered plants come very quickly from seed and would mix well in the most refined white gardens despite the contrasting red blotches on their petals.

I have already written of my return to the old family of Cosmos daisies whose white-flowered Purity is excellent in all weathers. May I also recommend a very easy annual called Nemophila Maculata? It grows absurdedly well from seed and has dark blotches spotted on its lavender mauve flowers. I found it charming in a narrow bed beneath a rose pergola, where it made an edging plant even when the summer's gale blew bits of the pergola onto it.

It was a year of extremes. The worst sight, for my money, was the wedge-shaped beds and ever more hanging baskets with which the local council spotted my home town, Oxford, having filled them with cerise petunias or characterless begonias. So much for "Britain in Bloom," as if flowers per square inch are a substitute for well-planned gardening among fine architecture.

The best sight was a walk of scented white Viburnum Carlesii grown as robust standard shrubs in the walled garden of a noted diplomat. On a late May evening their great heads of flower seemed like scented snowballs on small trees like an ageing line of apples. The idea set me hurrying to emulate it. It is always the way with gardening memories. They end by blocking out the bad bits, the storms, the frosts and the proliferating greenflies. With hindsight there is always an evening somewhere between May and September which first returns to mind and makes you forget that there is also a battle against weeds.



Collecting

Military miniatures

PHILLIPS' ANNUAL analysis of trends in the auction rooms places toy soldiers high on the list of collectibles in high demand and still showing healthy appreciation. The strength of the market will be put to the test on January 14 and 15 when 20,000 troops go into action, in the biggest toy soldier auction ever mounted by Phillips, acknowledged as the world centre of the miniature miliary market.

The founder of the firm, William Britain senior (1826-1906), was a toymaker all his life, and established his own firm around 1860. He was already 67 when the firm adopted the new line which was to become its speciality and assure its fam.e Four sons and two daughters all worked in the business, and William Britain junior is generally credited with developing the technique of hollow casting, on which Britains' success was established.

Toy soldiers have been made for centuries in endless variety of scale and materials. In this country and America, however, most collecting centres on the 80 years' output of the firm of Britain's, a suitably patriotic name that lingers in every childhod memory.

The technique was probably inspired by the hollow-casting of Staffordshire pottery makers. Molten alloy—a mixture of lead, antimony and tin—was poured into a hand-held mould. When the metal around the outside of the shape had cooled and hardened, the still liquid part in the centre was poured off, leaving a light and crisply moulded shell.

Horses and other more complex figures might require several moulds, of course, and the characteristic flat bases intitally oval, later square—were also separately attached. Finally the figures were painted by hand—in the 1950s women outworkers were still being paid 6d per colour per 100 figures for the work.

From the very first Britains aimed at the collecting instinct by packaging their soldiers in boxed sets at a standard price ten infantry soldiers, eight infantry soldiers with moveable arms, or five cavalry to each one shiling box). By the outbreak of World Wer Two, Britains' scets had reached series number 1,918.

The first set, The Life Guards, issued in 1893, stayed in production, in various packagings and gradualy rising prices, as long as Britains continued to make hollow-cast soldiers, they definitely went over to plastic in 1966. Even then the series continued in the firm's limited editions collectors' series of hand-painted metal soldiers, though the price is now wel outside juvenile range.

The soldier market had its ups and downs. The first quarter century coincided with the peak of imperial euphoria, the Boer War and the onset of the European arms arce. It did not hurt that the new Boy Scout movement issued *War Games for Boy Scouts, Played with Model Soldiers.*

Britains worked their way through the principal British regiments, as well as a good deal of the French army (the company had a Paris office) not to speak of the Austro-Hungarian Dragoons, the Egyptian Cavalry and the Ertoghrul Regiment.

Between the wars there was an anti-militaristic reaction. Britains responded by introducing zoo and farm animals, and in the 1930s a series of garden accessories, from scale miniature greenhouses and crazy paving to pot plants and seed trays. Aviation presented new possibilities for more elaborate models.

Rearmament gave a whole new impetus. Soldiers and their armoury were back in fashion, and Britains also issued models of the Home Guard and ARP preparations. A 1940 set of the Royal Horse Artillery, wearing khaki uniforms and steel helmets, established a record price of £7,200 for a single boxed set. The khaki appears tot explain the extreme rarity of this set: evidently boys of the day preferred the more colourful old style uniforms and refused to buy the battle-ready RHA.

That price record will no doubt be broken at Phillips on Wednesday week by a star lot certain to stir the hearts of toy soldier collectors across the world. This isthe first time that the largest boxed set of soldiers ever made by Britains has appeared on the market. First issued in 1905, set 131 consisted of 275 assorted soldiers in a wooden box 4 ft by 2, and far too heavy for any small boy to carry. It was originally sold for the daunting price of £4 10s.

Mostly such sets were for presentations to royal visitors to the Britain factory: this one wasbought in about 1908 by a mayor of Marylebone for his son. After being played with by subsequent generations of the family, it is less than pristine. As well as soldiers, Britains sold practicable cannons quite capable of decapitating a soldier; and set 131 has had several such casualties. The price will still be well into five figures.

Generally the average price for the more common boxed sets of Britains soldiers is £100-£150, depending on condition. Without boxes, prices are roughly halved. Rarities, of course, can realise many times these figures.

Sets produced to commemorate particular events can often by pricey. When Cecil Rhodes' physician and friend Dr Jameson led his buccaneering raid into the Transvaal in 1896, Britains responded to popular sentiment by issuing "Dr Jameson and the African Mounted Infantry." Later, as Jameson dropped out of the news, the set was retitled simply "South African Mounted Infantry." A "Jameson" set from the Hanington Collection made £1,700 at Phillips in 1984.

A number of West End dealers specialise in model and toy soldiers. Paul Collett at Grays in the Mews, Davies Mews, London W1, generally has a stock of Britains' sets, though last week the Christmas rush had somewhat depleted it. Most dealers agree that this is an exclusively male market, with a very strong American appeal.

In another model soldier shop, Under Two Flags in St Christophers Place, W1, hangs a discreet notice: "The difference between men and boys is the price of their toys."

Janet Marsh

Country Notes

Ashes to ashes...

James Page-Roberts explores the elemental mysteries involved in the production of charcoal

COULD THERE be an elemental process more shrouded in mystery than charcoal-making? I doubt it.

Many years ago, an old, wooden chicken-house on my newly-acquired property had to be dismantled and destroyed. Why not, I thought, turn the timber into charcoal instead of wasting it on the bonfire?

Inquiries solicited quizzical looks, blank faces and that slight wrinkling of the brows and eyelids that could only signal that madness was abroad. It was a case of returning to man's most primitive instincts. The process would have to be created without the hand of experience.

Holes were dug into the soil. Turf mounds, like long-barrows or verdant igloos were constructed. Ventilation shafts were devised with tiles for air control. Chimneys, from pipes of various materials, length and diameter, were positioned.

The first effort simply failed, as paper, laid for the purpose of ignition, became soaked by the moisture from the turf mound above and the wet soil around. Real fire belched aloft from the second try — leaving only hot ash, not charcoal, in the void beneath.

Then I really believe I did make charcoal — and allowed it to burn away — as charcoal. More hot ash. More thought.

Finally, a small quantity of charcoal was made—at the cost of much labour, brain-work, and the sight of a smoked hand (the colour of a pale tint of iodine) for many days afterwards.

I wrote about it in a gardening article, hoping that a reader might enlighten me (no-one did), and resolved to forget the whole affair. This I did, until I saw the maker's telephone number on the side of a 10 kg bag of excellent, lump-wood charcoal. The exchange was a local one. Bags were ordered and delivered.

"Of course, come to see us at work, squire. We use hardwood —oak and birch. Dad's been at it for forty-five years. Four helpers (interruption as he takes an order from the telephone in his van). Make five tons a week. Can't cope with the orders. Six weeks behind. Must rush. Got to deliver all over the place. See you in the forest, squire. Cheerio."

On the next day I found his seven-acre clearing in the forest. Spread around in haphazard fashion were rusty, five-inch high, onion-domed kilns. Some were filled with cut logs at the ready, others, with earth-sealed joints, radiated heat from spent fire. One or two belched smoke and steam from leaky joints and short chimneys, angled outwards from ground level.

The entire process, from lighting up with diesel-soaked rag (shoved through a low vent-hole) to extracting the charcoal, takes 36 hours. For its first 12-hour burn, the smoke and gases re-circulate within the kiln as excess moisture and smoke escape. The lid is then lifted to release the remaining fumes. This allows heat to build up enormously. The kiln is then recapped, vents sealed and the hot dome allowed to cool.

There are more modern methods of making charcoal that need vast amounts of capital to install, and others needing nothing but a hole in the ground and carefully laid turves above. But the kilns I saw, designed by an Austrian refugee some 40 years ago, make some of the best charcoal in the world. So good is it that, when fresh, a few lumps rolled in newspaper and lit with a match will start the fire without recourse to any of these noxious-smelling liquids that blunt the appetites of open-air diners.

So this most ancient art, parts of which are still a mystery to the charcoal-producers themselves, thrives in our land—and shows all the evidence of continuing to do so for a very long time to come.

Date lines

IN WISHING you a Happy New Year, I would like to apologise for any inaccuracies contained in that greeting. Happy it may be, 1987 it is not.

Certainly not according to the Jewish calendar, which postpones *Rosch Hashana*, the start of the year, until September 24. And when it does finally arrive, the new year in question will be dated 5748 —in other words, we are at present, as the masthead of the *Jewish Chronicle* states, 5747 years on from the Creation.

To Buddhists, who take their cue from the death of Buddha in the sixth century BC, we are in 2529. To Moslems, we are only just over halfway through the 14th century. This is not a comment on the medieval attitudes of some of the more extreme adherents of Islam: it is a simple statement that the Moslem calendar began counting with the *Hejira* or flight of Mohammad from Mecca in July 622, which means that we are midway through AH 1364. Some use the Prophet's birthday, giving 1407.

A far more recent concept was that put into operation by the French Revolution. The proclamation of the Republic was celebrated by winding back the clock to zero. Out went September 22 1792; in came the year nought.

The Republicans were even more revolutionary than that. The old aristocratic months also received the order of the boot, being replaced by 12 new-look months of 30 days; the five left-over days were, wisely, designated as festivals, which were sorely needed and a 10-day week was introduced.

Since French time was thus out of kilter with the rest of the world in everything from the year to the minute, the concept staggered on no further than 1806, which is why France does not consider itself today to be in the year 194. Learning from this experience, the Russian revolutionaries decided against a proposal to rewrite the date, and settled for re-writing history instead. Moscow does not consider itself to be in the year 69.

We are now at the end of AF 123, as in After Ford, the archcapitalist Henry Ford was used as the basis for this method, for which zero was AD 1863. But only in fiction, in Aldous Huxley's *Brave New World*. As far as I know, it was never used in the marketing of the motor company's products.

Yet the date has been the target of Scientology, known as the "science fiction religion" on the grounds that the novels of founder Ron Hubbard made more sense than his theory of "Dianetics." It is now 37 AD — After Dianetics.

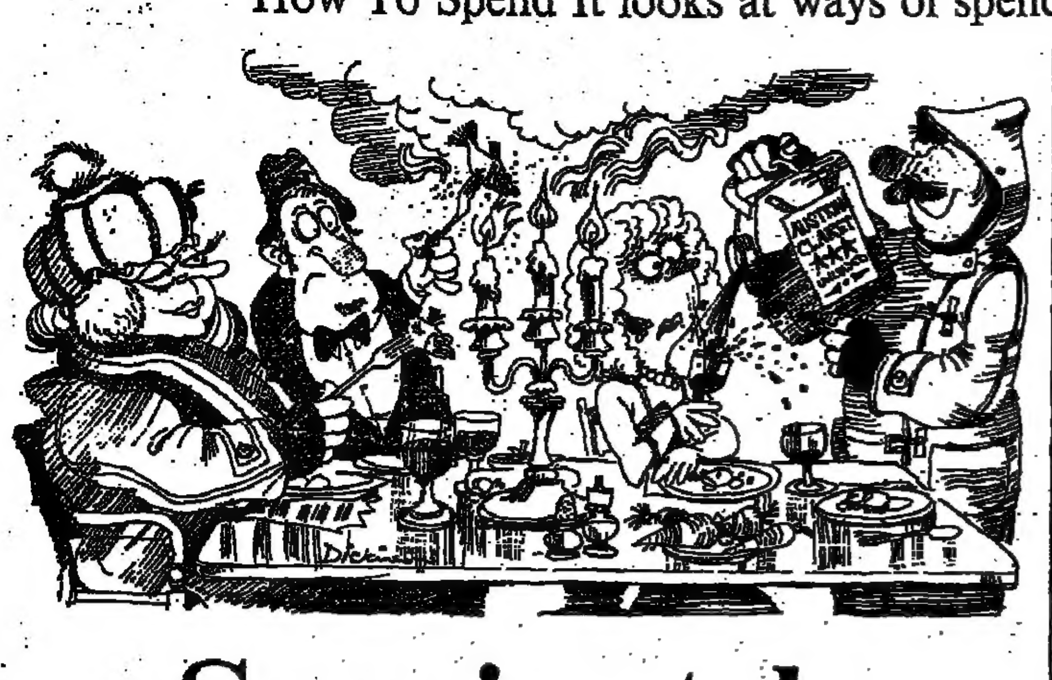
Alternatively it is the year 2237 of the Runic Era, as per the pocket diaries of the Odinic Rite, a group which worships the old Norse gods.

The months have been renamed by the followers of Odin and Co — Bonfire Night is the fifth of Fogmoon and Twelfth Night is the 31st of Wolfmoon — but otherwise seem of the standard length and frequency. It is good to know, in mystical circles where time and tide wait for no man, nor wolf, that some factors remain constant and familiar.

Jonathan Sale

DIVERSIONS

How To Spend It looks at ways of spending less and **David Sexton** proves that life on the breadline need not be stale



Save in style

IF ALL your Christmas presents were bought and wrapped way back in October, if you spent just what you budgeted on exactly what you planned, then this week's offering is not for you. This is for those who spent more than they meant to, much later than they'd hoped to; for those who await the drop of the credit card bills with dread, whose January days are filled with the post-purchase depression that comes from having spent wildly but not well. In other words, this week's article is devoted to ways of spending less.

However, this isn't addressed to the Scrooges of this world, to those who will indulge in any amount of misery merely for the pleasure of saving a few pence here and there—it's meant for those who want to go on living just as well, enjoying life just as much but who believe they could spend what money they have more wisely.

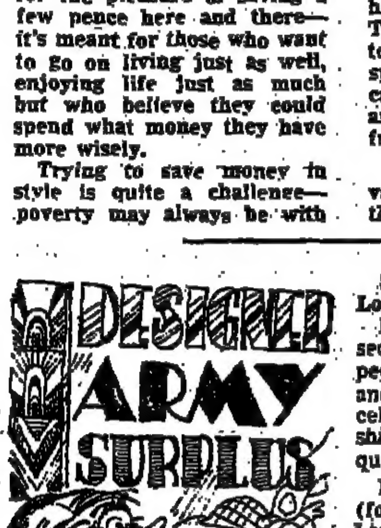
Trying to save money in style is quite a challenge—poverty may always be with us, but it isn't always a la mode. In the heady days of the Sixties when Conspicuous Consumers first appeared as a labelled, identifiable species, the late Nicholas Tomalin charted the rise of a counter - *movement* — Conspicuous Thrift. Though in reality based more on questions of taste than sheer expenditure it won a decisive victory in the Style Wars—the rich were made to feel that it was more tasteful to appear, if not exactly poor, at least less rich. Stripped pine and denims seemed morally superior to Oriental rugs and couture clothing.

The big difference between Then and Now is that today *it is the Oriental rugs and couture clothing that seem to have gained the moral edge.* Today, when all around seem to be consuming with awe-inspiring audacity those who can't keep up feel outcast—and certainly not more tasteful.

But whatever the prevailing tastes and mores, there are always ways of spending less. Designer clothes can be bought at less than full retail price, houses can be furnished on other people's mistakes, sofas covered at evening classes, books bought secondhand, jewellery *off market stalls*, food at local markets instead of supermarkets.

If there is something you feel you really have to have—a camera, a boat, a pram or a *bicycle—it is always* worth looking in Exchange and Mart or Loot where those *with a nose for a* bargain can find one if they search hard enough.

The key ingredient that you can't do without is time—it takes time to simmer nourishing stews out of less popular cuts of meat, time to go to auction previews, time to *rummage through jumble*, to make your own curtains or patch up the jeans. To *each his own equation but* here, for those who feel hard-up and hard-pressed, are just *a few suggestions for ways of* cutting down without dropping out.



Buyers & Sellers, 120-122 Ladbroke Grove, London W10

If you're looking for what the trade calls "white goods"—anything from a freezer to a microwave—you should make this your first port of call. Everything it sells is in perfect working order (and if it isn't you have the same rights as in any other shop) but is sold considerably reduced because it is either slightly damaged (usually an almost undetectable scratch), is an end of line or is the result of somebody, somewhere over-ordering. Prices are anything from 20 per cent or more cheaper than in standard shops.

Portobello Porcelain Market, 101-103 Portobello Road, London W11

Here you find your cut-price china, your slightly flawed Royal Worcester, your bowls and teapots. Ranges vary, depending on what has recently been less than perfectly produced. You should be able to save 25 per cent on standard prices.

Mistakes, 654b Fulham Road, London SW6

It's all a question of pot-luck—the curtains that didn't fit, the sofa that in the end didn't look quite right, the material that was over-bought can all be found here at a fraction of the original price. It sells everything from sofas to lamps, vases and tables.

Everyday Gourmet, 229 Kensington Church Street, London W8

This is to London *what La* Porcelaine Blanche is to Paris—that is, an inexpensive source of all that *impeccably plain* white oven and table ware that looks so essentially French. It's all very *stylish so it's not rock*-bottom cheap but it is excellent value.

The Reject Shop, 444 King's Road, London SW3

Excellent source of inexpensive *furnishings, kitchenware*, tableware, lighting, rugs. Strictly speaking, little is "reject" any more but prices are good as most of it is bought in bulk and there are ends of lines as well.

Spoils, 157 Munster Road, London SW6

End-of-line fabric from many of the top names. Look for chintz, for plain cottons, and recently they've added some designs of their own. If you're curtaining anything more than a tiny box-like window you can save pounds.

***Music* and Video Exchange, 56 Notting Hill Gate, London W11**

If you know what you're doing and what you'd like this could be a good place to buy secondhand cut-price hi-fi and viedo equipment. Everything is said to be in perfect order—check it *out* carefully first and note you have seven days to try it out at home. A good place to sell, *too, if you* want to upgrade your old system.

Sam Walker, 41 Neal Street, London WC2

Marvellous selection of secondhand menswear—all impeccably-cleaned and laundered and ready-wrapped in enticing cellophane. Suits from £35, shirts from £12. Excellent quality and value.

Blax, 8 (for women) and 11 (for men) Sicilian Avenue, London WC1.

If you've been invited to the ball and feel, like Cinderella, you can't afford to go don't give up hope—trot along to Blax where women may be lucky and find the dress of their dreams and men will almost certainly find their ties and tails. A mixture of old and new but the old offers the best hope of a really good bargain.

The Dress Pound, 125 Notting Hill Gate, London W11.

Here you may buy and sell secondhand clothes—all must be of recent vintage and in good condition. Better for buyers than for sellers—a good selection, worth keeping a fairly frequent eye on.

Laurence Corner, 62 Hampstead Road, London NW1.

Classic source of stylish cheap chic — government surplus *clothes, old and new. Khaki* trousers, ideal for safaris, jackets and raincoats.

Notting Hill Books, 123 Palace Gardens Terrace, W8

Books here cost on the whole a third less than full retail price. Many are remainders, some are review copies and

there are always some old secondhand books which will sell for much, much less. A *bookworm's dream.*

Nouveaux Pauvres, 62 New King's Road SW6

A place to keep an eye on—always a selection of current fashion at something like half-price. Most of it is samples, buyers over-ordering mistakes, unsold designs from lesser-known names and a few that are slightly imperfect. Particularly good for anybody who is clever with needle and thread.

Westaway and Westaway, 65 Great Russell Street, WC1

No beautiful shop windows here, just a marvellous selection of the best of British knitwear at prices that are not knock-down but are noticeably lower than West End. Mainly aimed at the tourist market, it specialises in all those goods beloved of tourists—tartans, cashmeres, Shetlands et al.

Argos, 80 New Oxford Street, WC1 (and branches)

It's a complicated business buying here (it took my husband 1½ hours to buy a vacuum flask on Christmas Eve) but if saving money is what you have in mind, it's often worth it. It's not an inviting store, but then you can't have everything. It's a good place to look for branded *goods like cameras*, electrical *gadgets*, gardening equipment, tools, utility saucepans and the like.

Second Hand City, 297-299 North End Road, W14

Not a place to look for designer furniture but if you need a spare bed in a hurry, a chest-of-drawers or a mirror you'll probably find something to tide you over. Those who are good at stripping, stippling, stencilling and all those other newly-fashionable trades will find lots to practise their skills on.

***Austins of Peckham Rye*, 11-23 Peckham Rye, SE15**

Legendary stopping-off place *for newly-weds in search of in*expensive furniture to get them started. I've never made any wonderful discoveries *myself* discoveries myself but almost everybody else I know has—so potter around, *you never know*, you may get lucky.

The Designer Depot, 176 Kensington High Street, W8 and 13 Kensington Church Street, W8

Designer clothes at discount prices—most are end-of-line or manufacturers' samples. What you find on a given day depends on what they have been able to find—at the moment stock is a little low and the hottest number is a Calvin Klein cotton shirt at £24.50 but through their portals have passed such illustrious names as Yves St. Laurent, Giorgio Armani and many onother fashion luminary. Worth *keeping an eye on.*

The Constant Sale Shop, 56 Fulham Road, London SW3

This is where all the glossy names that form the Aguecheek fashion empire can be found a season or two later. In other words, *last* season's hottest Armani, Valentino, Basile or *Ungaro will be found here* at something between 60 per cent and 70 per cent of what it cost *when it was the very latest* thing. There is always a selection of some of this season's less hot sellers—these sell at something like 30 per cent below normal retail price.

MARKETS

If you've got the time and the energy you need never pay the full whack for your fruit, vegetables, flowers, meat or fish. The biggest snag of all is that you really need to buy in bulk, but thrifty neighbours could club together and take it in turn to brave the early hours and divide up the spoils later.

New Covent Garden Market, Nine Elms Lane, SW8

You need an *entry permit* (currently £2) to get in, but once there you can buy boxes *of apples, sacks of tomatoes*, flowers at about half the usual going rate, pot plants and so on. *Don't go asking for a pound of this and half a pound of that.* You don't need to be there at crack at dawn but you shouldn't arrive much after 9 am.

Smithfield, London Central Market, West Smithfield, EC1

Here, too, you can buy only in bulk—you'll need a freezer and some like-minded friends. Worth it because prices are amazingly low.

Billingsgate, 87 West India Dock Road, E.14.

Here, too, the private person can buy at cut-price rates. Best buys are things like salmon, *halibut*, turbot, and, on Sundays, shellfish.

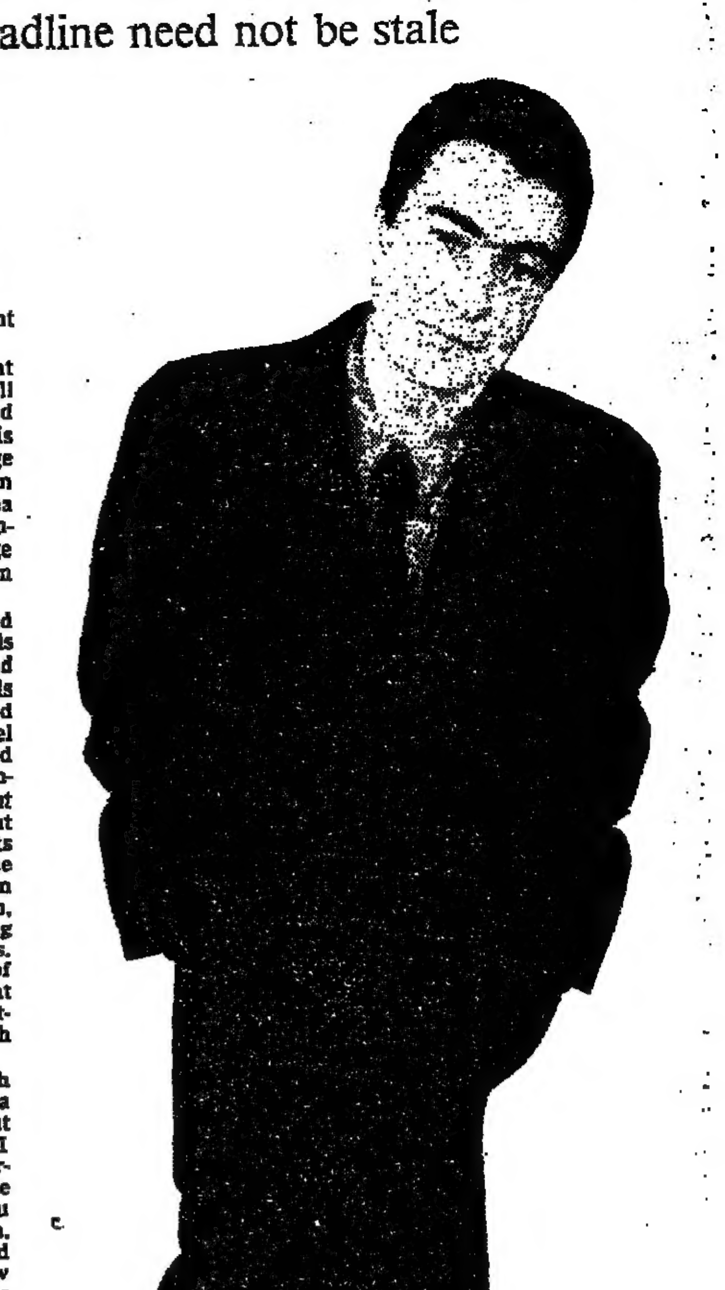
LvdP

PENNY WISE

- Keep away from shops. Above all, keep away from the sales. If necessary catch flu.
- When the urge to shop is almost irresistible, head for free entertainment instead. Entrance to art galleries, museums, libraries is free—develop a serious interest in Celtic runes/ancient pot throwing/Western Samoan culture.
- Never go shopping with your best friend (have you noticed how those on a diet are always urging you to eat—so it is with shoppers).
- Get thin. If you're size ten you can wear anything and look wonderful. Over size 14 and you need to start looking at designer labels.
- Avoid buying anything that might "come in useful" one day, even if it is a Jasper Conran cashmere sweater.
- Throw away your credit cards and pay for everything with cash.
- Give up meat. Learn to love pasta.
- Tidy the house and have a car-boot sale to sell off every-

thing you don't wear/need/use.
- Turn down the heating, keep busy and wear long-johns and an extra sweater.
- Leave the car at home and walk.
- Never buy anything labelled "Limited Edition."
- *Get your hair cut* at a good hairdresser training school.
- Patronise your local vegetable market *just before closing time*.
- Never buy anything just for a special occasion. You'll *probably never wear it again.*
- Scour the junk mail—occasional gems lurk among the dross.
- Give up smoking — if you think it's impossible watch this space for advice.
- Don't buy it if you can possibly grow it. Particularly herbs.
- When it comes to cosmetics, don't pay extra for glossy packaging. You *might find* that Body Shop, Culpeper or supermarket own-brand products suit you just as well.
- Put a lock on the telephone to stop children and "friends" *making out-of-town* calls.
- Buy next year's Christmas presents NOW.

Laughing in the face of adversity



POVERTY is not chic. Nor was it ever. But today the most disheartening thing about being poor is that the rich are sailing off in a roomier boat than ever before, having chucked the rest overboard. The gap between those with proper jobs and salaries and those adrift, with no work or erratic employment, grows all the time.

"If you're so smart, why ain't you rich?" has always been a good question. Now it comes from the pulpit. "No one would remember the Good Samaritan if he only had good intentions. He had money as well," Margaret Thatcher observed. Poverty is not just out of style, it's wrong. No excuses accepted.

However, it may be possible to be chic and poor, though it isn't easy, and it isn't likely to be the first thing on the poor *person's mind.*

The problem is one of morale. You need to believe in *something else. You had better be* poor for a purpose.

Strange to say, there are people who earn less than they might, accepting this as part of the way they have (more or less) chosen to live. As a freelance writer it is to this possibly ludicrous, distinctly outmoded, group that I suppose I belong. Others are trying to direct plays, to paint pictures, to write novels or theses, or are *working for political ends*: some are doing nothing observable. Others are altruistic: nursing or *teaching, perhaps.*

To do what I want to do, I live on very little. I have time *to read and to think and to* work the way I want: whether or not I am paying too much for these freedoms is something I may only discover later.

Survival, not smartness, is the aim, but that includes social survival, in which appearance plays a part. It calls for canniness, for ruses. Canniest ruse of all and hardest to arrange is to come from a generously prosperous family. Next most important is not to pay the open market price for where you live. There are many ways of avoiding this. On the legal, decent and honest side, looking after houses, staying with friends, renting from contacts; squatting and manipulating the local council as best you can, on the other.

Supposing you have somewhere of your own to live, making it agreeable depends in my view mainly upon simplification: getting or keeping as little furniture as possible so as to create the most space, spending any available money on spotlights, plain, probably white walls, and simple floors. Any lingering ambitions as a collector (*of anything*) are soon extinguished by poverty and the need to move frequently. This does not mean suppression of the aesthetic sense — perhaps the reverse.

Keeping these good-taste surroundings warm is altogether more awkward. There are no cheap forms of heating. For the poor, visiting the rich becomes a sensual experience of money, *bathing you in its warmth. Poor* people are also to be spotted going to libraries and pubs *simply for warmth. As for staying in,* if you have an open fire you can scavenge for burn*ables*, and/or *you* can drape yourself on blankets. (A good blanket — Black Watch for choice—makes a fine present *for a shivering pauper.*)

It is certainly possible to eat well cheaply, since eating well generally means eating less and eating less richly. But there is a problem, observed by George Orwell in The Road to Wigan Pier and ignored by Edwina Currie: "A millionaire may enjoy breakfasting off orange juice and Ryvita biscuits; an unemployed man doesn't."

Poor people eat baked potatoes, pasta, rice and lentils when sensible, spring rolls and chips when not. Much depends on the time you are prepared *to put into it. Chef* Michael Quinn recently demonstrated how well one can eat on a pension. *One of his excellent* recommendations was to cut such vegetables as leeks, carrots and courgettes into julienne matchstick strips and steam them briefly—delicious, stylish, modern, and much more taxing than opening a can of beans. Wonderful, cheap types of fresh fish—dabs or herring at 70p per lb—call for commitment (scaling) compared with sardines.

Many of the best English foods are cheap. In East Anglia where I live, pigeons are about 86p each, rabbits £1.60, so I hardly ever eat farmed, hormoned meat. A huge measure of mussels costs just 70p if you have the time to scrub them, while non-dyed, non-preserved oak-smoked kippers are now widely available. Chicken livers are a bargain—42p for a frozen 8 oz in Sainsbury—and can be made into a pauper's salade tiède. Most offal, except in supermarkets and except *for* calf's liver, is relatively cheap.

The most important economy is never, under any circumstances, inadvertently to end up eating out, through disorganisation or feebleness. In this country it is likely to prove a distressing exercise. When entertaining be tough-minded enough not to be bullied by the occasion into extravagance. It *is an observable fact that it is* the toffs who have the confidence to serve the simplest food (*bangers and mash) to their* friends. Everyone has a better time because of it. Copy them. *Don't think about terrines.* Serve simple wine (now potentially a cheaper drink than beer). *Make use of supermarkets* (Waitrose, Sainsbury, Tesco) and of the price war now going *on between the discount houses* in Old Compton Street.

Clothing is a more intractable *problem. A few years ago* second-hand suits and agricultural tweed coats looked modish *—not now. It is* all very well to tell yourself you are untroubled by fashion, but it is *not true—even your mode of* resistance to fashion ends up dictated by fashion. Sadly, *flushness rarely coincides with* sales.

Two things most worth spending money on are shoes and haircuts. A good pair of shoes (Church's brogues say), well-*mended when necessary, do* much for self-esteem. Functional shoes look right. *"Greasies," made by* Hawkins of Northampton with cushioned soles, are tremendously comfortable (about £34 from good workwear shops, more expensive from Christopher New, Dean Street, Soho). The best haircutting I know of is done at Atlas, 115 Fulham Road, London SW3, costing about £18-£20. Worth it if you've got it.

With head and feet well looked after, the in-between is more manageable. Secondhand clothes, carefully chosen, offer the best value, though they are no longer fashionable in being secondhand. Boutique secondhand shops are overpriced (Hackett now has a branch in Bergdorf Goodman in New York, would you believe), and so, unfortunately, are many Oxfams and Help the Ageds, apparently run by leisured ladies completely out of touch with their potential clientele. Market stalls and jumble sales are usually better, while the best things in most of the American clothing stores are button-down shirts in generous sizes. Poor fit (ie too big) rather than poor condition tends to be the giveaway about secondhand clothing. Choose carefully.

Remember, *nothing bad happens* if you do not go out and *buy* clothes to smarten yourself up. Clothes are not why people love you or don't. Be*sides*, you do much more for your appearance by keeping fit and thin and sober than by spending any amount of money on padded shoulders.

One reason I live as I do is *simply so as to be able to read*, which is cheap in money, expensive in time; it is one of the few areas in which the irregularly employed have an unqualified advantage *over yuppy* contemporaries. Libraries are still free, and anyway secondhand books are one of the great bargains: books were better made as well as better written in the past. Why buy a Penguin for £3.95 when you can get a World's Classic for £1.50?

Papers, on the other hand, are a vice, aren't they? — but not one you have to pay for. Reading them for free a day late is instructive in itself.

Hold on to any available student ID as long as possible without scruple. Keeping company with richer friends is risky. How *nice to be invited*, how disastrous to end up forking out for some appalling *trattoria or a Merchant/Ivory* film.

Everything said here obviously applies to being *short* of cash rather than really poor. My own income is mercifully *unpredictable: some weeks I* get cheques for several hundred pounds, then nothing for *weeks after*. Overall I suppose I live at at least double the social security rate. But for the *truly* poor, the long-term unemployed, there are no clever-clog choices available; *poverty annihilates* them all; particularly after a year or more of borderline life has used *up* all existing resources.

David Sexton

Edmund Penning-Rowsell on prospects for the world's favourite tipple

Champagne aims for a bubbly '87

COMPARED WITH other wine-producing areas Champagne is extremely open with its facts. To ask a first-growth Bordeaux how much they sold of their *grand vin* in some recent vintage might well lead to an invitation to leave by the cellar door, while to ask a port shipper the number of pipes he produced for the last declared vintage is like the passing the port decanter the wrong way.

Not so the Champenois. They are happy to tell you their sales at home and abroad, what proportion of their supplies come from their own vineyards if they own them, and what are their stocks. Overall their Comité Interprofessional will tell one how much wine is sold by the merchants and how much by the *cultivateurs-manipulants*, as well as how many bottles were bought by the bored but no-less thirsty Nato forces in Germany.

It is, therefore, not difficult to deduce how champagne is doing and the answer is mixed. The good side is that the 1986 vintage was plentiful (257m bottles) though not as large as predicted, and in spite of exchange problems for their best customers, the UK and US, and some price increases, their 1986 sales are not likely to be less than the previous year's 195.4m bottles, and might even be a little higher. Total stocks in growers' and *merchants' cellars* are high enough to maintain the three-years' supply considered essen*tial for all reputable* traders, and allowing for sales expansion in 1987.

Moreover, it has been possible to "block" the equivalent of 28m bottles from the vintage *in case this year's crop falls* short. The 1985 did, but was rescued by a blocked stock of 75m bottles from the 1983 vintage. This stock does not receive the champagne appellation until authorised in the light of the next vintage.

The bad side is that most merchants believe the price of the grapes for the last vintage was fixed too high in the negotiations that take place every year just before picking. Owing to the small crop in 1985 the growers secured a 27 per cent increase on the previous year: FFr 23.05 a kilo for the grapes from the top-rated villages. But, with a big vintage coming in 1986 there was a general feeling, even among the growers, that *the price would* come down—a drop of 10 per cent or even down to FFr 20. *In the event the price reduction* was miniscule — FFr 22.19 —3.65 per cent).

The merchant houses' representatives argued for a greater reduction, but one may suspect that they were not entirely a united team. The bigger firms have an insatiable thirst for grapes, and they will pay what they regard as necessary to secure them. For although nearly half the growers are committed to sell grapes rather than send them to the local co-op or make champagne themselves, the contracts are flexible as to *the percentage of* their crop that they have to deliver to the merchants. They sold *88 per cent of their engage*ment, which was high. But the smaller houses had to pay the *same price and suffered* accordingly.

An even more widespread *complaint is the dispropor*tionately high level of growers' stocks, and this is encouraged *by the high prices they can* obtain for their grapes. Their stocks are now estimated at sufficient for five years' supply, while the merchants only have the necessary minimum of three years.

Wine

Champagne statistics are given in three different forms. *First there is the yield per ha* at the vintage: 11,600 kilos in 1986, of which 11,000 were *allowed the appellation.* To sum up the total quantity of wine produced this is given in *pièces* (hogsheads) of 205 litres apiece—almost as obsolete a measure as Bordeaux's *tonneaux*, for apart from Bollinger and Krug nearly all champagne today is fermented in vats, usually stainless steel.

The third way of measuring output or sales is in bottles or their equivalent, but the man*ner in which the last vintage* was divided is given in *pièces* with the previous year's apportionment in brackets. The merchants secured 372,000 (228,000 from the much smaller crop) and in addition made 104,000 (65,000) in their own vineyards. The growers retained 440,000 (267,000).

The reasons for this high retention are two-fold, and the principal one is fiscal. There are two ways of paying taxes on businesses in France: by *forfait* and *benéfice réal*. The first is based on a turnover not exceeding FFr 500,000, a maximum not altered for at least 25 years. It involves negotiations with the local tax inspector, in this case no doubt conducted over a glass of champagne. The other is based on a property system of accounting, and owing to higher returns and inflation between 70 and 75 per cent of the growers are now in the latter category.

As no tax is paid until the wine is sold, there is a tendency to spread out disposals over a *number of years.* For the profit may be much smaller in a poor year. Alternatively, the *price may be higher.*

Moreover the growers may use their grapes to make still wine *(vin clair)* that can be kept sound in vat for a year or two, or to make champagne themselves or send it to the co-operative which will return the equivalent number of the sparkling wine for the growers to sell under their own label. There 4,600 of these *manipulants* out of a total of 15,000 *vignerons.*

Alternatively they can sell profitably the champagne *sur latte* (literally on the laths in the bins to keep the stacks of bottles horizontal). This is bought by merchants short of stocks and sold under their own labels.

Because champagne has, unlike still wines, to be kept for a prolonged period before sale, the level of stocks is no less a matter of everyday concern in Champagne than the sales. The whole vineyard is growing by 500 ha a year, and if a succession of large vintages occurs, changed economic conditions may oblige the growers to re*duce their stock-holdings. Also* significantly the number of *manipulants* has ceased to rise *under the greater difficulties to*day in selling their wine.

For the trend among French consumers is no longer to order their champagne by the case, as has to be done when dealing with *manipulants*, involving heavy freight charges for small consignments. Instead they buy a bottle or two round the corner or in the supermarkets, whose market share has greatly increased in recent years. There you may spend more per bottle than from your *petit fournisseur* in the Marne Valley, but your immediate outlay will be less.

Meanwhile the champagne market is stable, although flat in France. Last year is unlikely to be a vintage year, and 1985 will follow the 1982, now generally on sale but, in many cases, I believe, bottles are worth keeping for a year or so. But to the trade their non-vintage blends are much more important, particularly in the export markets, where the only immediate hope of expansion lies.

So although it can do nothing about exchange rates (though some firms invoice in foreign currencies) efforts will be made to keep ex-Marne-cellars prices as low as possible in the hope that in 1987 world sales will well exceed 200m bottles for the first time.

Appetite for life

THE BONUS OF LAUGHTER
by Alan Pryce-Jones. Hamish Hamilton. £12.95, 263 pages

ANYONE WISHING to settle the old argument between Scott Fitzgerald and Hemingway as to whether the rich really are a different species from the rest of us or whether it is merely that they have more money, will find The Bonus of Laughter an invaluable source-book. Alan Pryce-Jones has spent a lifetime in the field, collecting material on this point from country houses, chateaux, schlosses, millionaire's villas, apartments and mansions all over the world, storing his observations in his sparklingly retentive memory. Now, distilled into one glorious and hilarious volume of memoirs, are the fruits of his exhaustive research.

The eyes through which all this affluence is observed are those of a literary man, a critic, an editor and a passionate lover of music. Mr Pryce-Jones was as much at home in the bohemian, arty world of London before the second world war as he was in the grand houses; and he was particularly at home where the two intersected as at Renishaw among the Sitwells, or at Cap Ferrat with Somerset Maugham. We are given intimate accounts of the hazards of being the guest of such volatile hosts.

The author learnt his literary trade under the influential Georgian poet and editor Sir John Squire whose assistant Mr Pryce-Jones was after he had left Magdalen College Oxford without a degree. He was a contemporary there of both Betjeman and Henry Green who like him left the university precipitately and who remained lifelong friends of his.

Squire is out of fashion now but he was a convivial mentor for Mr Pryce-Jones on the London Mercury. He warned him of the dangers of literary journalism, as did the author's contemporaries Cyril Connolly and Harold Nicolson. Their warnings went unheeded; this was fortunate for the Times Literary Supplement of which Mr Pryce-Jones became editor after he left the army at the end of the second world war. He then took over the TLS from Stanley Morison, and enormously widened its scope and its range of reviewers. He was also a very supportive boss for the more junior members of his staff as I can confirm from personal experience. I can remember "subbing" copy by such legendary people as Edmund Blunden (formerly a member of staff) H. M. Tomlinson, Clive Bell, Middleton Murry and the vitriolic art critic Douglas Cooper. More scintillating were the editor's own all too rare reviews.

Alan Pryce-Jones, whose memoirs are published on Monday, photographed by Horst in 1938

As the book makes clear, Mr Pryce-Jones's literary work has constantly had to be set aside in favour of a sense of adventure and restlessness that has made him so widely travelled. "Jack Squire used to warn me that we were both in danger. We were enjoyers. We liked the human race. we liked movement and comfort and late hours . . ." Now that he is approaching his eightieth year, still a vigorous enjoyer. the danger must seem somewhat less threatening than it did then. On the credit side there are one or two books he has published before this one, a couple of volumes of travel, and one opera libretto on Nelson with a score by Lennox Berkeley performed at Covent Garden.

We read of how Mr Pryce-Jones came to write these works; but, like his occasional bouts of weekly journalism or work as a theatre critic, they appear to be secondary outlets for his life-enhancing gift; his main creative outlet has clearly been his talent to make many lasting friendships. Like a glittering tiara, his memoirs are studded with the names of the high and the mighty, the aesthetic and the raffish, among whom he has cast his gigantically wide net. He has something perceptive, unmalicious and often highly entertaining to say about all of them.

He checks the flow of high spirits to tell us how and why he converted to the Roman Church, and of the tragic endings of both his marriages through bereavement. The first took him to prewar Vienna and the second to postwar Galveston. He is exceptionally illuminating about both these cities in this wise and witty book.

Anthony Curtis

After the crown

PRETENDERS
by Jeremy Potter. Constable. £10.95, 224 pages

I RATHER think that the term "Pretender" in the special sense of claimants to the throne, comes from the French *Prétendant*." In any case Queen Victoria, with her sentimentalism about the Stuarts, would never have the Young Pretender, James II's grandson, referred to as such: "Not in this house: we refer to him as the Chevalier." It is a fact that all the subjects dealt with by Jeremy Potter in this book, Prtenders, were claimants to the throne.

The better half of the book is the latter, which relates to the Stuarts, where the author is more at home than in the earlier. The romantic cult of the Old and Young Pretenders is rather odd when one considers what they were really like—but then ordinary people hardly ever know what royals are like at home.

The Old Pretender, so far from being a romantic figure was a respectable, gloomy fanatic, not quite as stupid nor as spirited — particularly with the women — as his father. The wanderings of the Young Pretender, the Bonnie Prince Charlie of the '45 and "Will ye no come back again?" are rather romantic and make good material for historical novels. But he soon became a drunken sot. and anyway apostatized from Catholicsm to the Church of England in 1750 — about 50 years too late. His father would never take this sensible step, absolutely necessary if he were ever to reign over a Protestant nation.

The plain fact is that the Hanoverians had more sense. George I was an able man, something of which Mr Potter seems unaware; also the language of the Court was French, not German, like most Courts in Europe. Moreover, those Stuarts were every bit as foreign as the Hanoverians, Southern Europeans, dark and swarthy, not northern, fair-haired and blue-eyed.

Mr Potter makes a good remark when he says that "Marriage, not inheritance, has always been the shortest cut to fame and fortune." That holds good for the Coburgs and Battenburgs — Albert the Good and the Mountbattens. But ability and suitability, if not positive merit, have always been an element in election to the throne.

That is why William the Conqueror by-passed his eldest son, Robert, a lightweight, for the abler Rufus. That is again why the country, both Church and Parliament, called on Bolingbroke to take over from Richard II, who had become quite psychotic by the end, incompetent to govern the country and had alienated the whole governing class.

It is silly to say that "the heirs of Henry Bolingbroke had no more right to the Crown than the heirs of any common thief to property he had stolen." The Lancastrian line were called to the job by Church and Parliament, the proper organs of the nation, in three generations. Moreover, they were heirs in the male line; the constitutional historian K. B. McFarlane always attached importance to this, as they did.

Mr Potter would like to think that Buckingham committed poor Richard III's murders of his nephews. There is not the slightest evidence to that effect.

But the prize for sheer silliness in this area goes to Compton Mackenzie who thought that Young Pretender's turning tail at Derby in 1745 "changed world history: with the Stuarts back on the throne there would have been no loss of the American colonies, no French Revolution, no martyrdom of Ireland, no decline of Scotland . . ." etc. What nonsense!

A. L. Rowse

Vistas great and small

THE OXFORD COMPANION TO GARDENS
edited by Patrick Goode and Michael Lancaster; consultant editors: Geoffrey and Susan Jellicoe. Oxford. £29.50, 635 pages

THE OUP is putting out dictionaries and encyclopaedias on an ever-widening number of subjects. If you like reference books, the Companion to Gardens is one for you. It has about 1,500 entries, some understatements and no serious inaccuracies which I can detect; 170 contributors sent in entries and so long as you expect a book of gardens, not gardening, you will find plenty of new facts.

Seven hundred gardens are discussed, many of them English landscape "gardens," and there is welcome attention to other countries, from Holland to Thailand.

However, Europe's finest botanical garden, in Munich, is ignored in all its departments. The breeders and nurserymen are not well covered and there is a regrettable focus on "professional" garden-design which is very evident in the section on English gardens.

Next to nothing is said about cottage-gardening or the dozens of brilliant garden-owners who have made English gardens the envy of the world. Arguably, they have succeeded despite modern design partnerships, not because of them.

This book is too biased in favour of architectural design: I see no evidence that "the recent introduction of international garden festivals based on the German models at Liverpool (1984) to be followed by Stoke and Glasgow is beginning to provide a fresh focus for the many resources of the industry and a stimulus to new garden design." Rather, these jamborees left some shamefully overplanted trees and exhibited bits of movable international kitsch which belong in histories of Tourist Boards, not gardens.

And I must say this book seems extraordinarily expensive. The majority of its 250 little black and white inserts are taken from antique views or engravings: do these formalised scenes tell us enough about real gardens, not idealised ones? At £29.50, there are only 24 pages of colour illustration. At a lower price, I would expect less of them, but I must record that they are a disappointement.

The picture of Hidrote is out of focus; the Villa Lante comes out too pale, as the jacket, duplicating most of the plate, reminds us; the picture of Petworth does no justice to Capability Brown's design. The effect of the more modern scenes falls amusingly short of their captions. John Brookes's terrace with flower-pots emerged much more clearly from exactly the same photograph on the cover of his recent book.

It is very hard to do justice to the relation of plants to architecture in a photograph: here, justice, not quite as intended, is done to Preben Jakobsen's design at Stanmore and a beastly concrete jungle at Cergy-Pontoise, near Paris.

Do "building complexes" have to become "larger and higher," before gardens can become "fully three-dimensional, controlled environments?" I think that is designer-bosh, and symptomatic, but I do wonder why the full-page plate of Villandry, a great bedding-garden whatever else, shows the place in early spring when the beds are empty and the arbour totally bare of leaves.

Robin Lane Fox

Wraps off a movie idol

THE GREAT advantage of unauthorised biographies over authorised ones—or over most autobiographies—is that the writer feels free to strip off the glamour and peer beneath the zealously groomed self-image. Kitty Kelley's biography of Frank Sinatra, His Way, (Bantam, £12.95, 545 pages) raises glamour-stripping to a high art. And certainly a long one. If there is a kind word about her subject in 500 pages, from either Kelley or her battery of witnesses, I could not find it. The Mafia connections, the alleged cruelty to women, the macho clannishness (epitomised in Sinatra's Hollywood "Rat Pack") and the offstage or off-screen tantrums are all dealt with. What is not dealt with is Sinatra's talent. Kelley offers no account of, or accounting for, the gifts that inspired her book to be written in the first place. The result is fairly compulsive as gossip, but highly deficient as the portrait of a great performer.

John Kobal's People Will Talk (Arum, £14.95, 711 pages) is a collection of interviews with the Hollywood greats. Kobal is a Canadian-born biographer, archivist and professional film fan, and he has spent 20-odd years putting his foot in the door of famous dressing-rooms. Here they are, irresistibly, Mae West, Ingrid Bergman, Marlene Dietrich, Barbara Stanwyck and some 40 others: all talking, all confessing, some wisecracking. Kobal's own introduction is a class act in classifying his stars — "Garbo's voice, like a tugboat; Mae West's, like a vibrating bed; Davis, a hedge-clipper" — and throughout the book it is a pleasure to have an author-questioner whose remarks are as highly-mettled as his interviewees.

Michael Moorcock's Letters From Hollywood (Harrap, £10.95, 232 pages) are penned by the British science fiction writer to friend and author J. G. Ballard. Moorcock's "innocent abroad" style, laced with a little wryness, is out of Mark Twain by Christopher Isherwood. Unfortunately, it is not as incisive as either, and a place as plethorically satirised and anatomised as Hollywood needs a fresh approach or no approach at all. The best thing in the book is Michael Foreman's atmospheric watercolour drawings, which do for Moorcock what Paul Hogarth does for Graham Greene.

All Our Yesterdays (BFI, £12.95, 232 pages) is a valuable cluster of essays on British cinema: ranging all the way from Andrew Higson's deft study of the documentary-realist tradition to analytical star portraits of such as Diana Dors and Dirk Bogarde. In between we hear about censorship, music-hall influences, wartime propaganda, Hitchcock and other subjects too good to miss.

Writing about British cinema is sometimes considered by the cynical to be a branch of necrophilia. But for true corpse-worship little will be found to beat Leslie Halliwell's The Dead That Walk (Grafton, £12.95, 257 pages). A genealogy of ghoulies and ghosties, it shows how our favourite screen ogres first came into being and in what bizarre movie forms and permutations they went on to manifest themselves. The best coffin-table book I have ever read.

Nigel Andrews

William Trevor and Nadine Gordimer: short stories turned into television dramas

Tales truly told

THE WORLD OF THE SHORT STORY: A TWENTIETH CENTURY COLLECTION
selected and edited by Clifton Fadiman. Picador. £14.93. 847 pages

WHEN CAN we stop mourning the Decline of the Novel and welcome the Return of the Short Story? Conditions in Britain at the moment don't seem too propitious. People pay lip-service to its status as an independent form, but at ground-level practitioners find it difficult to get published. Outlets in literary magazines are negligible, and publishers insist on regarding the short story as some kind of infantile disorder which has to be overcome before a novel can be produced—the novel being more "commercial."

But markets aren't immutable, and couldn't one be created for the short story? You could argue that it's the ideal literary form for the modern reader. It doesn't require the same sustained attention-span as a novel: its natural habitat is anthologies, the literary embodiment of consumer choice; and it transfers with perfect ease to television—there have been unforgettable adaptations of William Trevor and Nadine Gordimer. On a more metaphysical level, Fadiman in his introduction quotes V. S. Pritchett describing the short story as "the glancing form of fiction that seems to be right for the restlessness and nervousness of modern life." So why is the short story being cold-shouldered?

They order this matter better in Mr Fadiman's home terrain across the Atlantic; he was for many years a reviewer on the New Yorker, and it's not surprising that in his selection the Americans come out on top. Restlessness and nervousness are much in evidence: stories by Jean Stafford, E. B. White and Joyce Carol Oates demonstrate that the short story can pack in an intensity of mental anguish which could be unremitting and unendurable in a novel. Bernard Malamud, Philip Roth and Saul Bellow refine comedy to the nth degree in order to explore the multiple neuroses of maintaining a Jewish identity in modern American society. John Cheever sets a psychological thriller in a New York commuter train, Anne Beattie does a hatchet job on living with a charismatic partner, and Raymond Carver performs knife-twisting tricks with the death of a child in a road accident.

At this point the British reader is liable to go on the defensive. Apart from a predictable flurry at the beginning of the century (D. H. Lawrence, Katherine Mansfield, Somerset Maugham) we don't make a great showing. Graham Greene and Doris Lessing chart an assured passage through stories which suggest (as does William Trevor's contribution, "A Complicated Nature") that you need have no great love for your characters to make people want to read about them. But where is Angela Carter with her home-grown brand of magic realism, Fay Weldon going deftly for the middle-class jugular, or Ian McEwan weaving elegant webs of perversion? And still on the European front, where is Calvino?

What is more disturbing is the general imbalance of the collection; Fadiman pays due respect to Canadian and Irish writers but simply ignores the literary ferment in the Third World. He makes a gesture towards the extraordinary versatility of the short story in Latin America with the inclusion of work by Borges, Márquez and Cortázar—though Picador have already demonstrated with their recent collection Other Fires: Stories from the Women of Latin America that we have not yet had access to a fraction of what is being produced there. But not a single black African writer is represented in this collection, no one from India or the Caribbean, and only Yukio Mishima from the East. This is the "world" of the short story in its narrowest sense.

Within his geographically limited parameters, however, Mr Fadiman ferrets out some good material, and even if his elephantine selection is not something you could comfortably carry on an aircraft it recommends itself for conditions of siege warfare or convalescence. Some of the stories are definitely re-usable, like Irwin Shaw's inauspiciously titled A Medal from Jerusalem: one night in wartime Tel Aviv between an American serviceman and a Jewish refugee from Berlin. Or Alice Munro's account of a middle-aged woman "getting over" the man she loves: too clear-sighted not to perceive the futility of her emotion, too faithful to forsake it. The resonance and spareness of these alone could put a number of modern novels in the shade. Is it not time that the friends of the short story, wherever they are, engineered a comeback?

Kirsty Milne

Era of a black athlete

JESSE OWENS: AN AMERICAN LIFE
by William J. Baker. Collier Macmillan. £12.95, 289 pages

THE NAME Jackie Robinson is legend in the US, but is scarcely known in Europe. A dazzling athlete, he had the distinction of breaking the colour bar of big league baseball when he joined the Brooklyn Dodgers in 1947, just as Joe Louis did a decade before in boxing when he won the heavyweight championship.

But perhaps no black man in the history of modern sport rang a louder chord for his people than Jesse Owens, by virtue of his electrifying four gold medals in track events in the 1936 Summer Olympics in Berlin, some of them won under the bemused gaze of Adolf Hitler.

His record-breaking victories in the 100 and 200 metre sprints, the 400 metre relay and the long jump set standards that were to last for decades. Indeed, any modern super-athlete competing in those events will still find himself compared with the lithe youth from Ohio State University, despite the fact that Owens' records have long since fallen.

Perhaps the most winning aspect of his character was his beaming smile and happy nature that enabled him to weather the slings and arrows of the racist, white dominated society of his native Alabama and later in the black ghetto of industrialised Cleveland, Ohio.

What emerges from William Baker's thorough biography is just how close a run thing was Owens' participation in the Berlin Olympics. Baker recalls in detail the anti-Olympics lobby that began shortly after Hitler's accession to power and which grew in fervour with the introduction of anti-semitic legislation in Germany.

The looming American pull-out from the Games was blunted by the young Avery Brundage, American Olympic Committee President, who was persuaded by his hosts on a visit to Germany that anti-semitism under Hitler was not all that serious and should not imperil the Games. In late 1935, the young Owens, then regarded as America's top field athlete, declared against the games because of German discrimination against minorities. Owens' call was defused when his own coach, Larry Snyder, pointed out that black athletes had been banned from appearing at a competition in New Orleans and that, therefore, Germany ought not to be criticised.

Baker also explains that, if anything, Hitler snubbed one Cornelius Johnson, a black US high jump gold medallist, rather than Owens, after the start of the Games. The German leader thereafter stopped inviting any medallists to his stadium box. With Owens' overwhelming success in Berlin, the US media were having none of it, and steadily proclaimed in large headlines "Hitler Snubs Owens," a myth which, in large part, continues to today.

Baker examines Owens's long years of public service and his tireless, but not always satisfactory, acceptance of speaking engagements in the US and abroad often in the promotion of sport. But he does not spare his readers the huckerstism that was to surround Owens for the rest of his life. Owens was often unwittingly used by sports and other promoters for decades after the 1936 triumph, and even consented to participating in exhibitions involving sprinting against racehorses.

Owens was paid well for his efforts—each year of his life (he died in 1980) he saw to it that he had a new car — but invariably fell into the pattern that was to trouble Joe Louis by overspending and, like Louis encountered the wrath of the US Internal Revenue Service.

It is indicative of how tough the battle for racial equality still is in the US that it took a huge, nationally publicised campaign to persuade county commissioners in Alabama to approve construction of a granite memorial to Owens in his birthplace of Oakville, four years after his death.

Frank Gray

Questions of intelligence

THE SECOND OLDEST PROFESSION by Philip Knightley. André Deutsch. £14.95, 436 pages

THE RIVALRIES and mutual suspicions between different intelligence agencies and between intelligence and the ministers who used and distrusted it—these are matters which Knightley considers in depth in his history of modern espionage. He also deals with the absurdities of the leading figures, British or American.

For instance, there is William J. Donovan, founder of the American Office of Strategic Services, a man devoted to a life of action. Having at last manoeuvred himself into the Normandy battle with David Bruce, later US Ambassador in London, he found himself in a ditch with German bullets whizzing about. Donovan said they dare not be captured, they knew too much. If things got desperate, they should take their lethal pills. But alas neither could find the pills.

Donovan told Bruce not to worry. "If we're about to be captured, I'll shoot you first. I'm your commanding officer."

With such a founder, US Intelligence was likely to keep alive the tradition of the British and to do so on a vastly bigger scale as American enthusiasm for the profession grew. The CIA was born under an auspicious star.

Knightley thinks the essential flamboyant spirit of the OSS is best conveyed by one anecdote. David Bruce and an OSS unit approaching occupied Paris teamed up with Hemingway whom Bruce made an honorary OSS officer. When the group reached the Ritz Hotel, the manager asked if there was anything they wanted. Hemingway replied, "How about 73 dry martinis?"

Of course the OSS and its heir the CIA would not have come into being had it not been for Russian supremacy in the field of spying and allied arts.

The Russians are not only responsible for some of the greatest triumphs in intelligence — the Lucy Ring, for example, and the penetration of the SIS by Philby and his accomplices — but also, ironically, for the greatest of all intelligence disasters, the failure to understnd that Hitler meant business when he massed 2m troops on the Soviet borders.

In a half-hearted way, Knightley tries to explain how this extraordinary blunder came about, how Stalin and his cronies brushed aside the warnings of their own people and foreigners like Churchill. Against stupidity, says Schiller, the gods themselves fight in vain.

Knightley's account of modern spying is brightly written and highly opinionated. It will interest the lay public and displease the spy establishment.

George Malcolm Thomson

Real Beatrix

BEATRIX POTTER: ARTIST, STORYTELLER AND COUNTRYWOMAN
by Judy Taylor. Warne and Co. £12.95, 224 pages

". . . THESE D . . . . D little books . . . I am utterly tired of doing them," wrote Beatrix Potter to her publisher in 1919. By then the "little books" were established best-sellers, but their author was more interested in her life as a Lakeland farmer. Breeding Herdwick sheep left her little time for new variations on Flopsy, Mopsy, Cotton-tail and Peter.

In a sense, the tales had only ever been a means to an end. For Beatrix Potter was yet another talented, strong-willed, Victorian young lady whose London home-life stifled her need for self-fulfilment. She had always drawn, she had always loved animals—put together they provided a respectable escape route. Once the books earned her enough money to buy a farm in the Lake District, her true nature established itself. She was kind but shrewd, hardworking, opinionated and conservative, with a good idea of her own worth and strong views about other people's: "rubbish" was how she described some of Kate Greenaway's work.

Beatrix dutifully brought her aged mother to live near her but nonetheless wrote in a fit of exasperation, "My mother is refusing to die." It was a comment upon their lifelong mutual antagonism.

It is in the many quotes from letters, and from other people's reminiscences, that this biography comes most alive. by Judy Taylor. Warne and Co. biographer but not keen on interpreting her material.

Valery McConnell

BRIDGE

MY NEW Year gift is two exceptionally interesting hands from rubber bridge. The first was brilliantly played some 30 years ago:

N.
♠ A Q 6
♥ A Q 5 4
♦ Q J 8
♣ A Q 3

W.
♠ 5
♥ 10
♦ A K 10 7 6 5 3
♣ K 8 7 2

E.
♠ K J 3
♥ K 9 8 7
♦ 9 4 2
♣ 10 5 4

S.
♠ 10 9 8 7 4 2
♥ J 6 3 2
♦ —
♣ J 9 6

West dealt with both sides vulnerable, and opened with three diamonds. North doubled for takeout, South replied with three spades, and North said three no trumps. South did not fancy this contract, and his rebid of four spades ended the auction.

West's opening lead of the ace of diamonds was ruffed in hand, South returned a spade, and dummy's queen was finessed, losing to the king. East led back the nine of diamonds, South ruffed, and switched to the six of clubs, finessing dummy's queen. When this held, the declarer returned a low heart, East ducked—the correct decision—and the knave won. Leading a spade to dummy's ace, on which West discarded, the declarer ruffed dummy's last diamond, and threw East in with a trump to the king.

East was endplayed. He elected to return the five of clubs. South played the nine, and West's king fell to the ace on the table. After cashing the knave of clubs, the declarer played the two of hearts, West throwing a diamond, and covered with dummy's five. East was again endplayed, and this time he was forced to lead a heart into the major tenace on the table.

So South made his contract with four spades, three hearts, and three clubs. That is what I call dummy play: perfectly planned and precisely timed.

Four keen players took part in this hand:

N.
♠ 3
♥ A Q 10 7 3
♦ A K 7 5 2
♣ K 4

W.
♠ 7 5 4 2
♥ 8 6 2
♦ Q 10 9 8 6
♣ 2

E.
♠ K 6
♥ K J 9 4
♦ J 3
♣ A Q 10 8 3

S.
♠ A Q J 10 9 8
♥ 5
♦ 4
♣ J 9 7 6 5

North dealt at game to North-South and bid one heart. East said one no trump, and South jumped to four spades. West led his singleton club. East won two tricks with queen and ace, and led a third club for West to ruff with the four of spades. Dummy won the heart return, and a spade was led for a successful finesse of the queen. When the ace of spades dropped the king, South claimed his contract.

East said to his partner: "You ought to have ruffed with the two of spades, letting dummy overruff. You save my (presumed) king of spades, and you have a trump left for another club ruff."

"You're right," agreed West. "Wait a minute," said South "I can do a bit of analysing too. I can see that West must be trying to prevent the spade finesse. I refuse the overruff take the finesse, and make my contract."

All four concluded that good defence could be countered by good dummy play, and that the contract was cold. Were they right?

East missed the winning defence. After making the club queen, he should lead a low club for West to ruff. West returns a heart—essential to prevent a squeeze and endplay—dummy wins, and South draws trumps without loss, but he cannot avoid the loss of two clubs.

E. P. C. Cotter

David Piper on Sir Michael Levey, the National Gallery's retiring director

Farewell to artistic brickbats

DIRECTOR'S CHOICE, at the National Gallery (till 15 February), is Sir Michael Levey's farewell to the institution that he has commanded with such success for the last 13 years. He retired this week — on 31 December. The director of the National Gallery is by definition a public figure and, for such, brickbats are an occupational hazard. Superior epithets have indeed been hurled against Levey, even if often by persons who have never had the responsibility of managing an institution as complex yet as specialised, as vulnerable, as a national gallery, or perhaps any institution at all. Some criticisms have had substance and could at least be supported by reasoned argument, but many have been formed on subjective and ignorant opinion. Throughout these 13 years, Levey has borne assaults with stoic indifference and silence — in public anyway, though he is privately acutely sensitive to criticism.

Levey must have a very resolute grasp on sanity. The nightmare of the Hampton site extension saga, the prospect of the noblest collection of Italian Renaissance paintings outside Italy being stuffed on top of a developer's office block, would have driven most directors up the wall or into swift mortal decline. Levey survived, to open his arms in his last months to receive the salvaging bounty of millions from the generosity of the Sainsburys and of Paul Getty Junior. Every director needs an angel of luck, but even angels need persuasion.

Staff and trustees together suggested the theme of this *farewell exhibition*, in a gesture of admiration and affection that bears witness to the judgment, tact and human skills of this director. Not so long ago, the National was notoriously fraught with internal tensions, internecine warfare of shifting *coalitions within staff, director's* office, trustees. No more. Ancillary functions — publishing, public relations, educational programmes, temporary exhibitions — have been sorted out and structured, not rigidly but flexible for development by his successor.

Director's Choice, however, gives Levey a plaform on which to set out his enduring achievement, the acquisition of paintings during his 13 years. The "*choice*" *is literally that*. The new Sunley Gallery for temporary exhibitions has limited hanging space—though it is difficult to imagine it looking better than it does now, opened up, radiant — so that only a selection of the 79 paintings acquired in his time can be shown. The initial consideration was to exclude every item *that came by gift or bequest*, that is, for which the director's power of choice was in more or less degree constrained, though it always has to be remembered that he has to succeed in "selling" any acquisition whether gift or purchase, to his trustees' approval.

Room has been found for 38 paintings only, which has *meant exclusion of some purchases* besides the gifts. Those shown are simply those which Michael Levey likes, *enjoys*, the *most amongst the former*. They range from the clarity of colour and line on gold-ground paintings of the 14th century through to that same quality but in 20th century terms in Matisse's portrait of *Greta Moll* which brings the show to its close. All respond to a comparable degree of high quality, but there are some out-and-out *masterpieces*, won at a time when the sale-rooms were bemoaning a drying-up of works of top quality whilst celebrating *record prices for those that did* emerge. Levey has exploited the possibilities opened up — even if, according to some, only by a miserly chink by the ever-penny-pinching Treasury —when the 1976 Finance Act *offered some tax relief to* owners selling by private treaty, rather than by auction, to national institutions. The hypnotic Altdorfer from Luton Hoo, the famous Claude of the *Enchanted Castle* that sets *Keats murmuring of magic* casements and foam of perilous seas, from the Loyd collection at Lockinge, the Rottenhammer from Althorp, and others, were negotiated thus.

Criticism may have been voiced when Levey had to go all out in the sale-room to buy for what at the time seemed vast sums — the great early Rubens, *Samson and Delilah* (perhaps the major acquisition of this directorship); or, in stunning contrast, the *exquisitely civilised yet modest* charm of Wright of Derby's *Mr and Mrs Coltman*.

It is extraordinary, however, even in the present day escalation of prices, how quickly it has become apparent that these were bargains. And how the French authorities were persuaded to let the David portrait of *Jacobus Blauw* out of France *remains a mystery of conjuring*. The range overall, considering the unpredictability with which paintings of great calibre become available, is remarkable: major works also by Parmegianino, J. Bassano, the most recent coup of the Caravaggio of the boy bitten by a lizard, the first secular painting by the master to enter the collection; *there are a Velasquez*, a Stubbs, and a Delacroix; Jan Steen and Fragonard; Monet, Pissarro, Degas — even Raphael.

Among these, apart from the rigorous insistence on standards of quality and condition, it is difficult to identify any over-riding element of personal taste in the choice. Like any good director in a growing collection, Levey likes to fill gaps and build on strength, preferably simultaneously (as here *spectacularly* in the case of the Rubens). I thought though that I could trace strains of fastidious delicacy, of delicate ironies, of elegant melancholies that tend to emerge in the generously catholic variety of display. It was a happy chance that brought Van Dyck's *Balbi Children* within reach as one of the last of Levey's purchases (again by private treaty).

It is perhaps the supreme revelation in western art of the innate but so vulnerably fragile aristocracy of childhood, those three small figures glowing with colour on he steps of a Genoese palazzo. *But for contrast* — consider the elderly teutonic tots naked but for their musical instruments that cluster the air *in lieu of a halo about the* Virgin and Child by the Master of the St Bartholomew Altarpiece. How deeply satisfactory, yet how unexpectedly now nostalgic, to linger in *The Avenue, Sydenham*, celebrated, in sunlit suburban peace by Pissarro when refugee from the horrors of the Commune in 1871.

In Drouais' *Mme de Pompadour*, the sitter's head emerges from such a tide of red silk draperies, gown sprigged with pink embroidered flowers, froth of lace, that though she is seated formally to receive on the elegant furniture that *the French call a canapé*, the fragrance is of bed. The head is so brim full of life, yet if you look closely you can just see that it was painted on a separate square of canvas and inserted into the composition. It was started before her death, and finished after. Alongside, another sparkle of the ability that a few French artists have had, to capture wit alive on a face as if a light summer breeze over water. Artists like Houdon, or La Tour — in this case Perroneau, their equal in his portrait of *Jacques Cazotte*. Alas, He was guillotined on September 25, 1792, but the life that the painter captured in his features around 1760 is unquenchable. Then there is the *Odilon Redon, which* the painted started as a tall vase of flowers erect, only to turn it on its side so that the ghost of a translucent face could observe it the better. The effulgence of colour is electric: Ophelia surreal among flowers.

However, the painting which gave me the most pleasure was a still-life by Luis Meléndez, an 18th-century Spaniard who *is* rather rare in England. I remember lusting after one that appeared on the London art-market a year or so ago, that was stacked with oranges like hot cannon balls awaiting salvo. There are oranges, too, in this one, but more subtly presented in context with earth colours of walnuts, a dried melon, sealed pitchers; a tub, a quince, and those boxes of fragile brittle fibrous wood that are still used for things *like figs or cheese*. *Harvest*, stored against deep winter, and as a bonus for posterity. In quality the equivalent of Meléndez's great contemporary in France, Chardin, yet utterly different in its intensity in the strong Spanish light.

Detail from "The Balbi Children" by Van Dyck, at the National Gallery

"Les Brigands" at the Grand Theatre, Geneva

Banditry in Geneva

ONCE AGAIN Geneva has had Offenbach for Christmas. This year's choice fell on *Les Brigands*, the most neglected of his major opéras-bouffe. In 1869 Offenbach was moving across the hazy border line between operetta and opéra-comique. "I want situations to set to music," he told his librettists Meilhac and Helévy, "the public is tired of little tunes and so am I." They got plenty of little tunes all the same, and loved them. They loved *airy, satirical ensembles* as well.

The casual-seeming but cleverly constructed farrago is set in a fantasy-Italy where Mantua lies at the foot of the Andalusian sierras. A band of mountain brigands lies in wait for the Princess of Granada, coming to claim the Duke of Mantua as her bridegroom, also a large dowry, part of the Mantuan debt. The meeting of the various parties at an inn on the frontier is complicated by the arrival (too late, as usual) of the Mantuan *carabinieri*, resplendent in high, tramping boots. What nobody knows at this stage is that the Mantuan stage cashier has blown the dowry on women.

The real target *is* not picturesque banditry but international high finance, still a matter of interest, one might suppose, in a city where money counts. A slight titter went round the Grand Théâtre when *one of the robbers revealed that* he used to be a banker, changed to banditry because he thought there would be less work and more profit but found the contrary was true. Other sallies, however, such as the brigand chief's remark, made while donning the stolen clothes of a Spanish envoy, that "a man must steal according to his position *in society*," were received in silence.

The Geneva staging offers some good individual performances against an *indifferent* background. Alain Marcel's production is conventional. No harm in that but Marcel singularly fails to reanimate or illuminate ancient operetta cliches. More rushing about than point or polish. One exception—the appearance of Spanish party, clustered round the painted, effigy-like Princess, *all stiffly* clothed in Velasquez black and crimson. Good costumes, with a cowboy touch for the brigands, by Carlos Cytrynowski, whose mildly parodistic painted sets won rounds of applause.

Little help, alas, came from *the orchestra pit*, where the conductor John Miner appeared overparted. Flabby ensembles, poor liaison between stage and pit, no zip—*this* in a brilliant, light-fingered score with anticipations of *Carmen*. Even the once celebrated first act finale with the tramp of law-and-order boots interrupting the brigands' orgy (demurely reflected some *years later in The Pirates of Penzance)* failed to make much effect.

Among the large cast Bernard *Pisani was outstanding as the* snakily lustful cashier, who cheerfully admits he would do it all over again if he had the chance—now he has only one thousand-franc note left and proposes to use it as a bribe. The disguised brigand chief spurns it. Gloria-Cassis, the Spanish envoy, when he turns up in person, does not. Another *bright spot* is Maurice Sieyes' po-faced, coldly supercilious delivery of that dignitary's burlesque Spanish number—one in the eye for the Empress Eugénie's friends. The veteran stylist Michel Hamel is wasted in a tiny part.

Mariette Kemmer, a soprano from the Monnaie in Brussels, has just the sap in the voice for the brigand chief's daughter, Fiorella — her warmth and vitality made up for some of the things lacking elsewhere. Léonard Pezzino, a good light tenor, is given the breeches *role of Fragoletto originally* taken by Offenbach's darling Zulma Bouffar — making one tenor too many and one high voice too few. *As the chieftain*, the terrible Falsacappa, Ugo Benelli sings with his usual dash and charm, but increasingly lapsed into his native Italian in the quick-fire dialogue.

*

How many British Consuls General have bought land, built a concert hall and presented it to the city of their posting? *Daniel Fitzgerald Barton did* that in Geneva in the last decade of the 1890s, naming his creation after his sovereign. Two years ago the Victoria Hall was badly damaged by fire. Restoration *(newspapers* assured the public *that* all the money came from insurance) has no? reached the stage where oncert life can be *resumed*.

The architect Camoletti used monumental neo-everything: *Magic Flute* classical for the imposing facade, bosomy renaissance for the auditorium. Here the ceiling is still provisional, *the upper balcony mostly closed* and the organ on its way, but there is enough chocolate and burgundy and dull gold to promise a cosy music-house one would grow fond of, unlike the South Bank hall named after Victoria's great-great-granddaughter.

In this unfinished state one can hardly judge the sound, but the Suisse Romande Orchestra subscription concert I went to (conductor Okko Kamu, solo pianist Stephen Bishop-Kovacevic) *suggested* immediate impact, a little brash, not dry. The big tuttis in Nielsen's Fifth were not clear. In less strenuous pages the wind sang out well. The OSR strings were stronger on tone than articulation, as one noticed in Mozart's K503. Mindful of Andrew Porter's recent strictures on this page about the miseries of New York concert-going, I looked for creature comforts and found an adequate bar and a large coffee-counter. No *bookstall, but this part of* Geneva is full of excellent book and music shops.

Ronald Crichton

Nostalgia has last say

Radio

NOSTALGIA saw the year through to the end. After *French Without Tears* on Christmas Day, we had more Terence Rattigan last Saturday, *The Winslow Boy*, more on Tuesday, *In Praise of Love*, and, *more on* New Year's Day, *Bequest to the Nation*, all of them repeats. Of these, I chose to hear *In Praise of Love*, if not Rattigan's best play, certainly his best-written. Reduced to an hour, some of the best speeches are lost, but the moving quality of the story survived well in the production, with Anthony Quayle, Murial Pavlow, Robert Beatty and John Bull in the four parts. The uncredited adapter had played some odd little games; Lydia thought Ilfracombe, rather than Brighton, would be nice for her holiday. The Cruttwells had moved from Islington to Hendon. Mark was not a democrat but a radical.

Then there was *J. M. Barrie*. I missed *Peter Pan* on Boxing Day, which the BBC claims was the first production to cast a boy as Peter, the Royal Shakespeare's players being presumably too old. On Monday came the *Admirable Crichton*, that highly conservative essay in social distinction. Kenneth Cranham as the butler Crichton continued to sound like a butler, even after his natural *gift for* leadership had made him the commander of the shipwrecked party on their island, and so he should. I detected a touch of exaggeration among the smart ladies, both before and after the shipwreck, *and more* than a touch from Elaine Claxton as Tweeny, and this is right too. Caroline Raphael directed.

There was *What Every Woman Knows* on New Year's Eve, in a repeated production from Scotland; and *Dear Brutus* on Friday. Not having heard the plays so close together before, it had not struck me that the theme of *Dear Brutus* was the same as that of the *Admirable Crichton*, the persistence of character in any circumstances. In *Dear Brutus*, not a very familiar play these days, the members of a house party invited by the mysterial Lob, take a walk into a mysterious wood that appears every midsummer eve. In the wood, "you get what everyone here is longing for, a second chance." In some cases this leads to a change of fate; in others, a fugitive change gives way to a return to former circumstances. It depends on the character.

In the Barrie plays, except for the Scottish production, Alec McCowen plays the part of Barrie. You may say that Barrie has no part in them, but you would not say that if you had read the stage directions. Consider this extract from *Dear Brutus*: "Moonshine, stealing about among the flowers to give them their last instructions, has left a smile upon them, but it is a smile with menace in it." Mr McCowen can cope with that. *The play was directed* by Stuart Owen, and has specially composed music by Richard Attree.

Going back a century or so, we have had Jane Austen's *Emma*, made into a six part serial by John Tydeman and broadcast between Christmas morning and the following Tuesday. It was followed by *Persuasion*, dramatised in seven parts by Michelene Wandor, *beginning on the following* Wednesday. With the holiday post as it is, I heav heard only the first instalment of this, and found it very good. The characters are simple but sharply drawn, like figures in a wood*cut, and* Vanessa Whitburn's production is like a prettily illustrated edition of the novel, which happens to be one of my favourites. The music on an 1810 square piano sounds exactly right behind the conversation.

All the plays I have mentioned so far have been on Radio 4. If you want to go back another couple of centuries, there was John Ford's *Love's Sacrifice* on Radio 3 on Tuesday. This is said not to have been publicly played since the middle of the 17th century, but it is by no means a bad play. The Duke has maried a beautiful young Duchess of modest birth, with whom his friend Fernando at once falls in love. After a ceremonial put-off, she in turn falls in love with him ("Be satisfied and ruin me!") But by now Fernando has decided to love her only mentally. The Duke's court is a hive of lechery; Ferentes has three ladies-in-waiting pregnant at once, and rightly *enough they kill him, in the* presence of the Abbot of Monaco. The sinister Secretary D'Avolo tells the Duke what is happening, and the Duke stabs the repentant Duchess but afterwards comes to believe in her innocence. Fernando, however, poisons himself, so the Duke has lost his two best friends out of one misunderstanding.

The play, directed by Caroline Raphael, is worth getting to know better. The stage could deal more fully with Roseliil, for instance, who is exiled in the first line, but comes back to the court disguised as a half wit fool. Excellent playing by John Shrapnel, Stan Thomas, Ian Lindsay, Karl Johnson, Anton Lesserand indeed the whole 14 of them.

B. A. Young

Victorian Evening

Mary Postgate discovers plenty of variety and good quality among the recent releases of spoken word recordings

FOR THOSE with money left over from Christmas, there *are presents galore* among the recent Spoken Word releases. For readers of biography, or lovers of Victoriana, I warmly recommend *An Evening with Queen Victoria* (Argo 418 147-4). The Queen is at Osborne, looking back over her long and eventful life from girlhood to extreme old age (and the consolation of a camphor *lozenge); with interludes of* music she has particularly enjoyed (tenor and "grand pianoforte"). This clever compilation, drawn almost entirely from Queen Victoria's own journals and correspondence, *gives Prunella Scales the oppor*tunity for a brilliant and endearing performance.

A Room with a View (Argo 418 153—4) is a well-abridged version of E. M. Forster's ravishingly well-written novel of 1908, read with intelligence and charm by Judi Dench, who played Miss Eleanor Lavish in the recent film *Another Lovely Listen*. For Dick Francis fans there is an abridged *Break In* (Listen for Pleasure 7260), very tense and read with debonair grace by *Nigel Havers*. This is the story which immediately preceded Francis's newest, *Bolt*, and is about the same people.

For almost any of the 18½m who watched the 1986 World Snooker Championship on TV, there is *Snookered* (abridged, LfP 7270) by Donald Trelford, editor of The Observer. Heart-stopping moments in the game, *sketches of the towering players* who dominate it, surprising insights into the televising of it—one director said, ". . . it feels like jet-lag at the end of a tournament"—and Robert Powell's reading make this set a sure winner.

Out of Africa (abridged, LfP 7272) is the story of Baroness Karen Blixen ("Isak Dinesen") of her years on a coffee plantation in Kenya during and after the First World War.

In Geraldine James's languorous reading the terain, the Kikuyu servants, the wild animals, and Blixen herself are dream-like. An unusual and attractive issue.

Christmas demands ghost stories, and Sir Michael Hordern *reads another selection of four* from M. R. James in *A Warning to the Curious* (Argo 418 045—4). *The Rose Garden* chilled me most, but *A Neighbour's Landmark* came close. The other two are the title piece and *The Uncommon Prayer Book;* read to perfection by one of the finest readers in the profession. Robert Hardy reads another four of Conan Doyle's tales of *Sherlock Holmes with robust* good humour in *Adventures of Sherlock Holmes* (Argo 418 141—4), including a story of 19th-century terrorism in *The Five Orange Pips*. All the above are two-cassette sets.

For poetry lovers there are two single cassettes from the English Department of Keele University, which is recording *Charles Tomlinson reading all* his poems. *Charles Tomlinson Reads His Poems* and *Charles Tomlinson Reads His Stoke Poems* (both unnumbered) are selections, each poem introduced by the poet/professor himself: marvellous.

For children of all ages, Dick King Smith's story of *The Sheep-pig* (Cover to Cover Cassettes CC030), read by Stephen Thorne, is full of charm and gloriously funny. From the same company, *The Turbulent Term of Tyke Tiler* (CC031) by Gene Kemp for the nine to twelves, read by Michael Cochrane, has the best surprise ending yet but is super all through. Both are two-cassette sets. Twelve stories of *Worzel Gummidge* by Keith *Waterhouse and Willis Hall* are read on six cassettes (available separately) from Conifer Records (KC001, KC002, etc) read by Jon Pertwee, Worzel Gummidge himself, dear, earthy, surrealist creature. On five cassettes in a box with E. H. Shepard illustration, David Davis (once "David" of BBC's Children's Hour) gives an ideal reading of Kenneth Graham's *The Wind in the Willows*, unabridged.

This is the one recording of this perfect book that all children and their grown-ups should hear. A more modern classic, *Watership Down* by Richard Adams, superbly read by Roy Dotrice, is once more available, full-length, with George Butterworth's music, on three cassettes from Conifer Records (MCFR 119/12); or as excerpts on one cassette (MCFR 117).

Argo: London Records Ltd, 15 Saint George Street, London W1R 9DE; *Conifer Records:* Conifer Ltd, Horton Road, West Drayton, Middx UB7 8JL; Cover to Cover Cassettes: Freepost, Marlborough, Wiltshire, Tel: 067 286 495; Listen for Pleasure: EMI Records, 1/3 Uxbridge Road, Hayes, Middx UB4 0SY; Unicorn Kanchana:- Harmonia Mundi (UK) Ltd, PO Box 339, London W8 7TJ, Tel. 01-253 0863: University of Keele: Keele, Staffs.

The Prisoner released

Nigel Andrews reviews new videos, which centre on thrills and shocks

ONCE PAST the mandatory season of peace and goodwill, the video companies tear off their Santa Claus beards and reveal their darker selves. All those thrillers and shockers they patiently held back while we *were all carolling round* the Christmas tree can now be brought out, as with a primal scream we enter 1987.

Leading the *danse macabre* is *The Prisoner* (Channel 5). Here at last are all 17 episodes of *TV's splendid 1960s wild clues* chase. Patrick McGoohan charges around surreal Portmeirion in an anyone-for-tennis blazer, looking both dapper and deeply alarmed as nightmare closes in. The whol enterprise *suggests Dr Who reinterpreted* by Jorge Luis Borges with acknowledgments to Aeschylus' *The Eumenides*. But as well as being eclectic it is electrifying.

Among other newly-cassetted chillers we have *Smooth Talk* (Odyssey), a powerfully eerie tale of growing up, with Laura Dern as a flirtatious teenager in danger of getting what she asks for; *The Naked Prey* (CIC), Cornel Wilde's fine 1962 adventure thriller starring himself as a white hunter hunted by African natives; and the erratic but intriguing *Captive* (Virgin), Paul Mayersberg's tale of a Patti Hearst-type kidnappee (Irina Brook) who learns to love the hand that *torments her*.

Meanwhile video's dragnet is sweeping in ever wider historical arcs, and you should make 1987 your year for stocking up your library of classics. With colorisation a very present threat, how long before black-and-whie versions of vintage films are swept off the shelves? *Will we soon have to watch Citizen Kane, Casablanca* or *The Maltese Falcon* decked out in greens, blues, ambers and puces?

With this in mind, here are eight key works for library-filing under T for thriller. *Other collecting suggestions, in* other genres and categories, will following in coming months.

The Secret Agent (Video Collection): frisky early Hitchcock, with Gielgud as Maugham's Ashenden enjoying quips and *espionage across Europe. Journey into Fear* (Video Collection): Orson Welles co-scripting and starring in a Nazi thriller florid with menace. *Isle of the Dead* (Video Collection): vintage spine-tingler marooning *Boris Karloff and others on a* quarantined plague island, where ghoul meets buoy. *Gaslight* (MGM/UA): Ingrid Bergman wondering why things go bump in the ceiling and turning to husband Charles Boyer for help (a mistake). *Dead End* (Video Gems): William Wyler directing Bogart down stylishly *mean streets. Foreign Correspondent* (Video Collection): from Hitchcock — murder, intrigue, windmills and the *best air crash at sea ever filmed. The Maltese Falcon* (Warners): four immortal stars—Bogart, Astor, Lorre, Greenstreet—in search of a bird. *The Birds* (CIC): several thousand birds in search of a star (Tippi Hedren).

Among newer movies now on video, the sprightliest premiere is *American Flyers* (CIC), not seen yet on big screens. Steve Tesich, playright and screenwriter *(Breaking Away)*, scrip*ted this touching and comical* tale of two brothers sparring at college and then competing in a national bicycle race. Death is in the air, for one of the brothers is dying of a hereditary illness (unfortunately, one *of those unnamed Hollywood* diseases usually diagnosable as "plot contrivance"). But director John Badham *(War Games, Short Circuit)*, keeps the maudlin at bay, and there are spendid performances from Kevin *Costner and David Grant*.

Chess solution No. 653

1 R-KB4. If KxN(R1); 2 R-QB8, or if KxN(R8); 2 R-KR4, of if PxN; 2 R-QB8, or if P-N4; 2 R-QB6, or if P-N3; 2 R-KB7.

WEEKEND FT

SPORT

Jason Steger reflects on the causes of Australia's latest cricketing disaster

A good case for amnesia

AS ENGLAND and Australia clashed in the Benson and Hedges Challenge Cup series in Perth this week, one indisputable fact had been realised by Australian cricket fans: their side had replaced England as the world's worst cricketing nation. And what is more, the Australians really had only themselves to blame.

For the ordinary Australian, these are tough facts to face up to. Even Bob Hawke, the Prime Minister, as obsessed with sport as most Australians, found the Ashes defeat hard to take: at a celebratory dinner for the victorious Davis Cup tennis team Hawke said the best thing would be to forget the cricket team.

England haven't beaten Australia within three days in Australia since the first test at Sydney in 1901-02. And not surprisingly the knives are now out for just about everyone involved with the naional side.

If the Australian selectors are to come up with better players, it is hard to see quite where they can look. The "rebel" side currently touring South Africa has deprived them of the likes of fast bowlers Terry Alderman, Carl Rackemann, and former test skipper Kim Hughes, all of whom would have made a significant difference to this series.

Those test-experienced players playing Sheffield Shield Cricket are doing so because they failed at the top level. Despite talk of recalling New South Wales captain Dirk Wellham (who ex-Australian spin bowler "Tiger" Bill O'Reilly thinks should be appointed captain in place of Border) and spinner Ray Bright, Australia should be looking to the future.

Gaining experience is a problem for any would-be test cricketer. The nature of Grade and Sheffield Shield cricket means that a few good performances could see a rapid elevation to the top level. Indeed, Bruce Reid, who led the Australian attack at Melbourne, has played only a handful of shield games and is surely too green to be in his current position.

At least Mike Whitney, added to the squad for the one-day games along with the impressive opener Glenn Bishop, Simon Davis, Ken MacLeay and all-rounder Simon O'Donnell, has experienced test cricket back in England in 1981 and has forced himself back in to the reckoning with some fine performances for New South Wales. More significantly, at 27 he is still just about young enough to be an investment for the future.

The Australian selectors, Greg Chappell and his colleagues, two of whom haven't even played test cricket, must also take some blame for the current state of affairs. They made a mistake with their denial of Border's request for a 13-man squad and then damned themselves further by selecting Greg Matthews ahead of batsman Greg Ritchie. No side going into a crucial test can really hope to win with only four front line batsmen. The selectors must surely now give Border a voice in the selection of the team he has to lead.

Finally, the Australian Cricket Board has come under attack for giving the players overgenerous contracts irrespective of results. ACB is also criticised for its need to make money prompted by the deal with Kerry Packer's PBL Marketing with the consequent destructive dependence on one-day games to attract crowds and provide excitement; especially since the board lost about A\$500,000 (£240,000) as a result of the curtailed Melbourne test match.

For England, however, the one-day games, while still important, can provide a chance for relatively unplayed tourists such as Wilf Slack and Neil Foster to get a game.

England have done the jobs they came to do and although they have had a lot of help from the sadly inept Australian team, they have discovered a new confidence. Chris Broad, Jack Richards and Gladstone Small have come good at the right time and appear to have long futures with the England side.

England can now afford to forget the disappointment of last summer's defeat by India and New Zealand and look forward to this summer's visit by Pakistan.

England captain Mike Gatting says there will be no difficulty in motivating players for the current one-day game, but it is hard to see the West Indies losing either of the competitions, despite their defeat in the opening game. And if they do lose the Challenge Cup it is equally hard to see either England or Australia lifting the trophy.

Nevertheless, England can test their newfound confidence while Australia can hope to regain some sort of credibility. And the Australians can take comfort that, other than the formality of the Sydney Test, they have only one-day cricket, in the shape of the two home competitions and the World Cup next summer, to look forward to before the arrival in November of the touring New Zealanders.

Nicholas Keith bemoans the state of Welsh rugby

Mediocrity amid the violence

THIS decade has been a desert for Wales as an international rugby power. The absence of titles since 1979 is a serious blot on the record of a country where rugby is the undisputed national game. For Gerald Davies, one of the stars of the seventies, "Wales have remained a middle class team, neither coming top nor bottom. To remain mediocre is to flourish in the land of no comment; to pass by unnoticed."

In the seventies Wales shared the title in 1970 and won it outright in 71, 75, 76, 78, 79; they won the Grand Slam in 71, 76 and 78, and added the Triple Crown in 77 and 79 (to give them four in a row). And what was held to be the secret of their success? The strength and organisation of their clubs, for one thing.

In 1969, the Welsh started against Scotland, and in that team were the makings of a great one: the half-backs Barry John and Gareth Edwards; Davies himself among the backs; J. P. R. Williams and Mervyn Davies among the new caps. They won the Triple Crown and the championship.

Now the major clubs all seem unsettled. Cardiff regained the Schweppes Welsh Cup last season, but lost Terry Holmes to professionalism, (and Robert Ackerman) and Gareth Davies retired. This Christmas they have lost to Pontypridd and drawn with Bridgend. The great names of Llanelli and Swansea are temporarily unable to inspire awe.

Pontypool won the Western Mail club championship and the Whitbread Merit Table for a third year in a row, but three successive defeats at the end of last season have presaged a dismal first half to this in the English/Welsh table, with only 25 per cent of victories. Their latest failure has been against South Wales Police after Christmas.

Whether it likes it or not, Pontypool has been overtaken by the Bishop affair. The club stood by its scrum half, but when Bishop's case went through the courts and he was found guilty of assault in an off-the-ball incident, the Welsh Rugby Union reluctantly stepped in and banned him when his club would not.

Violence never seems far away. On one Saturday in November there was an incident involving Paul Moriarty against Richmond, as well as Roger Quittenton's remarks about refereeing Welsh clubs. After Chris Mills, of Richmond, had been punched, Moriarty was banned by Swansea, and the selectors, and has only returned to the Welsh squad this week.

After refereeing Newport's game against London Welsh, Mr Quittenton, a member of the English international panel, was reported as saying that, in Welsh club matches he had to "whip them like animals." Newport complained bitterly; Mr Quittenton said that his remarks had been misquoted and taken completely out of context. Eventually this explanation was accepted by the club.

With everything somewhat unsavoury, enter John Scott, of Cardiff. He is an Englishman who won 34 caps, captained his country and has played for Cardiff for nine years. (Nor is he a complete saint, if truth be told.)

"Violence? I accept that it seems to be coming out into the open. But the awareness is far greater. Violence is not worse in my view, but every senior game down to the West Welsh League is watched. We must not lose sight of the fact that rugby is a physical game, and each case of violence must be judged on its merits."

That is where the spectators part company with Scott, who has a forward's view. It is vital that the hard men, who undoubtedly exist in many top rugby clubs, are rooted out at that level.]

However, Scott may be right when he says: "Wales, like England, have strength in depth. It's a question of getting the right 15 guys and a coach out. As you get older, it's easy to say that things have changed for the worse and that 'You don't find characters any more.' Jonathan Davies and the Moriartys are characters."

That brings us to the one club and player whose names are being spoken with hope and reverence in Britain as we aproach the World Cup this summer. The club is Neath and their captain is Jonathan Davies. In 1986, his first full season for Wales, Davies captured the imagination at stand-off and was voted British player of the year.

It may be that too much is expected, but he has a calm vision for Wales. He believes that the Welsh should have confidence in themselves and in their ability; that in the dressing room they should not have any of the concerns about the opposition they have had. "For goodness sake, they should be worried about us. That's the attitude to have."

With Paul Thorburn to kick the goals, and a sparkling loose trio of Philip Pugh, and Mark and Lyn Jones, Neath have carried all before them, winning (before New Year's Day) 19 out of 22 matches. That includes the one against Bath, the English champions, which was a triumph for Davies.

Forget the Welsh trial last month, when the Possibles beat the Probables without their trimmings: no Devereux, Davies or Paul Moriarty. Let us hope the "right 15 guys are picked." The French and the Australians have shown us that the speed and skill needed for internationals is, in fact, difficult from the simple 9 and 10 man club tactics of Pontypool and Bath. It is the dream of Jonathan Davies, and the cheek of it transports you into '87.


Scott: bloodstained

Lendl leads the way

John Barrett assesses the performance of the world's top-ranking tennis players

IN EVALUATING the performances of tennis's top stars during 1986, it is clear that even before his crushing defeat of Boris Becker in the Nabisco Masters final, Ivan Lendl had an unassailable claim to the top position among the men. The Czech's two grand slam titles (Paris and New York) against Becker's one, at Wimledon (where Lendl was the beaten finalist), outweighed the 19-year-old German's 2-1 advantage elsewhere against the world champion.

Besides, Lendl won eight tournaments from 11 finals and lost to only three other players all year—to Yannick Noah at Forest Hills, Kevin Curren in Toronto and Stefan Edberg in Tokyo; whereas Becker won six tournaments and had 12 defeats, only two of which were in tournament finals.

In third place, Edberg had a marginally better season than Henri Leconte, with three tournament wins from seven finals against two wins from only three finals for the Frenchman. Crucially, Edberg won their only meeting, in the penultimate round in Stockholm. Leconte, however, was a grand slam semi-finalist twice — Paris and Wimbledon — against Edberg's once in New York.

If Joakim Nystrom had added to his five early tournament successes he would have ended higher than No 5, but his best grand slam performance was to reach the semi-finals at the US Open.

That Mats Wilander should have dropped to No 7 from No 3 at the start of the season was surprising for such a normally consistent performer. He did win the tournaments in Brussels and Cincinnati but he flopped completely in the grand slam events, failing to pass beyond the fourth round in any.

Noah's two wins at Forest Hills, where he beat Lendl, and Wembley put him just ahead of Andres Gomez.

The last place goes to John McEnroe, last year's No 2, who missed two-thirds of the season by choice and then won three tournaments on his come-back in Los Angeles, San Francisco and Scottsdale. However, his one grand slam outing, in New York, was a total disaster.

Once again, Martina Navratilova totally dominated the women's game. She was in a class of her own at No 1 but Chris Lloyd at No 2 was hotly assailed by Steffi Graf. The 17-year-old West German beat both higher-ranked women for the first time and, all told, won eight tournaments from 10 finals.

In fourth and fifth places are the two Czechs, Helena Sukova and Hana Mandlikova. Sukova is the daughter of the 1962 Wimbledon finalist, Vera, who would have been proud of her daughter's advance to the same stage at the US Open, as well as her semi-final finish in Paris, her advance to the quarter-finals at Wimbledon, and her tournament win in Montreal.

Mandlikova nearly equalled that record by reaching the Wimbledon final and the French semi-final but in New York, as the No 4 seed, she had a bad loss to Wendy Turnbull. Furthermore, she failed to win a tournament all year.

The teenage Argentinian, Gabriella Sabatini, and Pam Shriver had almost identical seasons; and although the American did win a minor tournament in Newport, she did marginally less well in the major championships, reaching only the quarter-finals in New York against Sabatini's advance to the semi-finals at Wimbledon.

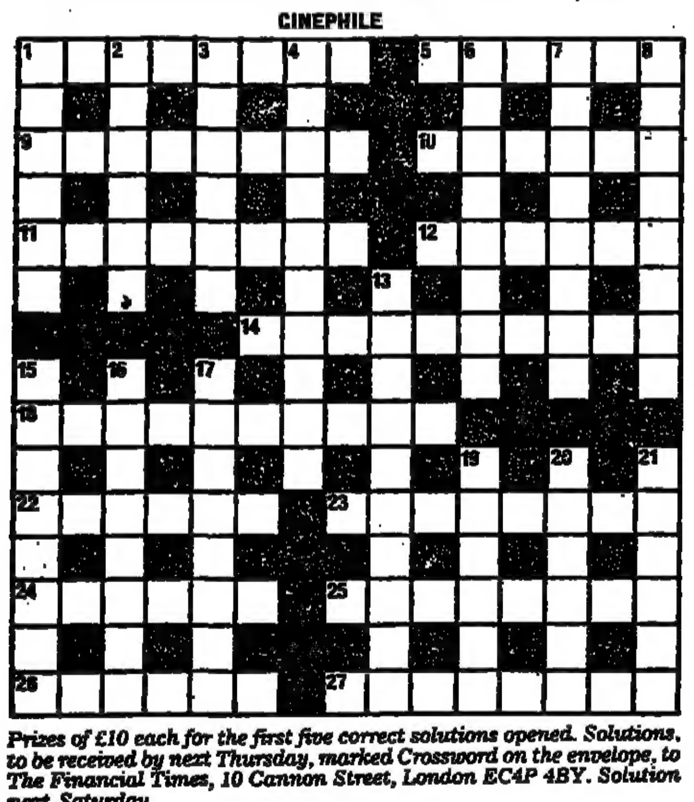
1986 WORLD RANKINGS

Men: 1, I. Lendl (Cz); 2, B. Becker (W Ger); 3, S. Edberg (Swe); 4, H. Leconte (Fr); 5, J. Nystrom (Swe); 6, M. Mecir (Cz); 7, M. Wilander (Swe); 8, Y. Noah (Fr); 9, A. Gomez (Ecu); 10, J. McEnroe (US).

Women: 1, M. Navratilova US); 2, C. Evert Lloyd (US); 3, S. Graf (W Ger); 4, H. Sukova (Cz); 5, H. Mandlikova (Cz); 6, G. Sabatini (Arg); 7, P. Shriver (US); 8, Z. Garrison (US); 9, M. Maleeva (Bul); 10, K. Rinaldi (US).

FT CROSSWORD PUZZLE NO. 6,217

CINEPHILE



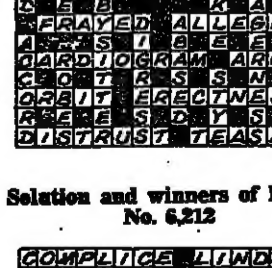
Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

Each across solution contains a tree, which is disregarded in the subordinate part of the clue.

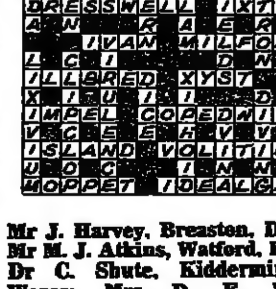
ACROSS
1 Island in the town hall (8)
5 Garment for physical education (6)
9 Wild roses in the town hall (8)
10 An upper-class stables that were dirty (6)
11 Went to law about queen being flattened (8)
12 Junction with Mars, maybe (5)
14 Goodbye to food at length (4, 2, 4)
18 Little weight around invalid is what keeps him going (4, 2, 4)
22 Hill in Devon (6)
23 Dispute a house charge (8)
24 Garments deposited at 150 south (6)
25 Piece of verse on haystack (8)
26 Weaponry for ship (6)
27 Motor-cyclists should be troubling the editor (8)
20 Stand up to sit again about a second (6)
21 Gambled and got pegged, down? (6)

DOWN
1 Nearly gone to St. Malo? (6)
2 Recover from addiction after a hang-up? (3, 3)
3 It's most unusual for painters to pause (6)
4 New bar with new ales to blame? (10)
6 Matched by sudden storm, topless, in rising river (8)
7 Romance in bottom of river? Don't rise (3, 2, 3)
8 Motorway madman covers cathedral in great detail (8)
13 Tending to corrupt by enthusiasm about silicon (10)
15 Very short time for a pair of bloodsuckers (3, 5)
16 Would you say it's a locker for a halo? (8)
17 Aggressive person confuses cake with tart (8)
19 Ponder with hesitation where to show valuables (6)

Solution to Puzzle No. 6,216



Solution and winners of Puzzle No. 6,212



Mr J. Harvey, Breaston, Derby; Mr M. J. Atkins, Watford, Herts; Dr C. Shute, Kidderminster, Worcs; Mrs D. E. Ward, Letchworth, Herts; Mr D. Brodgen, Northampton.

Christmas Puzzle solution page VIII

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am The Hunter. 8.35 The Muppet Babies. 9.00 Saturday Superstore. 12.15 pm Grandstand including 12.45 News: 12.20 Football Focus; 1.00 Racing from Newbury; 1.10 Motorcross; 1.30 Racing; 1.40 Motorcross; 2.00 Racing; 2.10 Basketball; 2.30 Racing; 2.40 Basketball; 3.20 Motorcross; 3.50 Half Times; 3.55 Cricket; 4.35 Final Score. 5.05 News. 5.15 Regional programmes. 5.20 Perfect Strangers. 5.45 Jim'll Fix It. 6.20 Hi-De-Hi! 6.50 Bob's Full House. 7.25 The Paul Daniels Magic Show. 8.10 Bergerac. 9.05 Carrot Confidential. 9.40 News and Sport. 9.55 Cagney and Lacey. 10.40 Film: "All The President's Men," starring Dustin Hoffman, Robert Redford, Jack Warden and Jason Robards.

BBC 2

10.45 am-12.40 pm Open University. †1.25 Film: "Kiss Me Stupid," starring Dean Martin and Kim Novak. †3.30 Film: "The Apartment," starring Jack Lemmon. 5.30 International Bridge Club. 6.00 Cricket: The Perth Challenge. 6.45 Newsview. †7.25 Jazz At The Philharmonic. 8.20 Loose Tubes. 9.15 Jazz Sounds 86. 11.00 The Charlie Watts Orchestra. †12.00-1.45 am Film: "Sven Klang's Quintet." (Swedish film about jazz, based on the life of baritone saxophonist Lars Gullin.)

LONDON

6.45 am TV-am Breakfast Programme. 9.25 BMX Beat International; The Cherry Coca Cola Freestyle Championships. 9.50 Disney Cartoons. 10.15 Feature Film: "The Golden Voyage of Sinbad," starring: John Phillip Law, Caroline Munro and Tom Baker. 12.00 News. 12.05 pm Saint and Greavsie. 12.30 Wrestling. 1.20 Chips. 2.15 Snooker (Mercantile Credit Classic) and Darts (MFI British Open). 4.45 Results Service. 5.00 News. 5.05 Blockbusters. 5.35 The A-Team. 6.35 People Do The Funniest Things. 7.00 Feature Film: "Superman III," starring Christopher Reeve and Richard Pryor. 9.30 News and Sport. 9.45 Clive James on Safari. 10.40 LWT News Headlines followed by Snooker. 12.15 am Glastonbury.

CHANNEL 4

9.25 am Bow Bells. 9.40 "Gypsy," starring Rosalind Russell. 12.15 pm Isaura The Slave Girl. 12.55 South Seas Voyage. †1.55 "It's a Date," starring Deanna Durbin. †3.50 "The Man who broke the Bank at Monte Carlo," starring Ronald Colman. 5.05 Brookside Omnibus. 6.00 Samson and Delilah. 6.30 The Great Australian Boat Race. 7.00 News Summary followed by Night Mail II. 8.00 Anne of Green Gables. 9.50 The 2000 Year Old Man. 10.00 Hill Street Blues. 11.00 Big Mix. †12.30 am The Twilight Zone.

S4C WALES

9.25 am Feature Film: "Sholay" (Flames of the Sun). 12.25 pm Feature Film: "The Blue Bird," starring Shirley Temple with Eddie Collins, Gale Sondergaard and Nigel Bruce. 1.55 Queen. 3.25 Quest for Beauty. 4.55 Great Dorset Steam. 5.40 Anne of Green Gables. 7.30 Newyddion. 7.50 Sion a Sian. 8.25 Bwriwm Bro. 9.20 Y Maes Chwarae. 10.30 Soap. 11.00 Big Mix.

IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Scarecrow and Mrs King. 12.15 am Shephard's Pie.

BORDER

1.20 pm Knight Rider.

CENTRAL

1.20 pm The Bionic Woman. 12.15 am Central Jobfinder.

CHANNEL

11.59 am Today's Weather. 1.20 pm The Fall Guy. 2.15 Comedy Classic: Please Sir! 2.45 Darts and Snooker. 12.15 am Frank Zappa: Does Humour Belong in Music?

GRAMPIAN

1.20 pm Magnum. 12.10 am Reflections.

GRANADA

1.20 pm UFO. 12.15 am Hammer House of Mystery and Suspense.

HTV

11.58 am HTV News. 1.20 pm Knight Rider. 12.15 am Saturday Night Music.

SCOTTISH

1.20 pm Hart to Hart. 12.15 am Late Call.

TSW

9.50 am Gus Honeybun's Magic Birthdays. 9.52 Disney Cartoons. 11.57 TSW News. 1.20 pm Fisheries News. 1.35 Survival. 2.05 Walt Disney presents. 5.05 Newsport. 5.10 Blockbusters. 12.15 am Digance At Work. 12.45 Postscript.

TVS

11.57 am TVS Weather. 1.20 pm The Fall Guy. 12.15 am Frank Zappa: Does Humour Belong in Music?. 1.20 Company.

TYNE TEES

1.20 pm The Bionic Woman. 12.15 am Keys For The New Year.

ULSTER

11.58 am Lunchtime News. 1.20 pm UFO. 4.55 Sports Results. 5.03 Ulster News. 9.42 Ulster News. 12.16 am News At Bedtime.

YORKSHIRE

1.20 pm Tucker's Witch. 12.15 am Live from Wilebski's. 12.45-5.00 Music Box.

BBC RADIO 2

Stereo on VHF

8.05 am David Jacobs. 10.00 Sounds Of The 60s. 11.00 Album Time with Peter Clayton. 1.00 pm Radio Active. 1.30 Sport On 2: Football; Racing from Newbury; Cricket (The Benson and Hedges Challenge); Yachting (America's Cup); 5.00 Sports Report. 6.00 I'm Sorry I haven't A clue with chairman Humphrey Lyttelton. 6.30 Look What They've Done To My Song. 7.00 Beat The Record. 7.30 The Romance Of Vienna. 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls with Dave Gelly. 1.00 Jean Challis presents Nightride. 3.00-4.00 The Metropole Orchestra.

BBC RADIO 3

7.00 am News. 7.05 Aubade. 9.00 News. 9.05 Record Review. 10.15 Stereo Release. 10.55 Cello and Piano, sonatas by Kabalevsky and Ethel Smyth. 11.45 Robert Mayer Concert. 1.00 pm News. 1.05 Takacs String Quartet. 2.05 The Schubert Piano Sonatas. 3.00 Bruno Walter, the German conductor and pianist, in records of Mozart, Brahms (mono), Wagner and Mahler (mono). 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 'T Nederlandse Orgel (organ music by Sweelinck and his pupils). 7.25 BBC Welsh Symphony Orchestra in Germany, part 1: Weber (Overture: Euryanthe), Mozart (Sinfonia Concertante with Iona Brown (violin), Josef Suk (viola)). 8.15 After a Night Out with the Biscuitmen. 8.35 Concert, part 2: Shostakovich (Symphony No 5) 9.20 Metaphors or Mallets (writing from South Africa). 10.00 Chamber Music from Cambridge. Webern (5 Movements Op 5), Birtwistle (Clarinet Quintet); (10.35 Interval Reading). 10.45 Lutoslawski (Quartet). 11.15 Chopin and Ben-Maim: Piano music played by Nelly Ben-Or. 11.57-12.00 News.

RADIO 4

7.00 am Today. 9.00 News. 9.05 Sport on 4. 9.30 Breakaway. 10.00 News; Loose Ends. 11.00 Talking Politics. 11.25 From Our Own Correspondent. 11.55 The Weekend on 4. 12.00 News; Money Box. 12.27 pm 'Quote . . . Unquote' (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; Literary Wives. 2.30 The Afternoon Play (S). 4.00 News: International Assignment. 4.30 What Price Wildlife?

5.15 Trains Stopped Play. 5.25 I Had the Misery Thursday. 5.50 Shipping Forecast. 5.55 Weather; Travel 6.00 News; Sports round-up. 6.25 Stop the Week (S). 7.00 Saturday Night Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller! 9.50 Ten to Ten (S). 10.00 News. 10.15 The Saturday Feature ("Bluebird, Campbell and Coniston") 10.45 The Enthusiast 11.00 Tales from the Mausoleum Club (S). 11.30 The Cabaret Upstairs (S). 12.00-12.15 a.m. News.

SUNDAY

BBC 1

† Indicates programme in black and white

9.55 am Play School. 9.15 Umbrella. 9.30 This is the day. 10.00 Asian Magazine. 10.30 Great Experiments. 10.55 Buongiorno Italia!. 11.20 With a Little *help from the Chip.* 12.10 pm See Hear †2.35 Farming. 12.58 Weather for Farmers. 1.00 News Headlines. 1.05 Bonanza. 1.50 Cartoon. 2.00 EastEnders.

3.00 Match of the Day Live: Tottenham Hotspur v Arsenal. 4.55 Bugs *Bunny. 5.10 The Diary of Anne Frank.* 5.40 Antiques Roadshow. 6.25 News. 6.40 Songs of Praise. 7.15 Last of the Summer Wine. 7.50 Crisis! 9.45 Mastermind. 10.15 News. 10.30 Everyman: The Mighty Quinn. 11.10 Designers.

BBC 2

9.45 am Open University. 10.10 Whirlybirds. 10.35 The Charlie Brown and Snoopy Show. 10.55 Blue Peter Review of the Year. 11.30 The Monkees. 11.50 Laramie. 12.40 pm Windmill. 1.40 Rugby Special. 2.20 Maestro. 3.00 Film: "Operation Petticoat," starring Cary Grant and Tony Curtis.

4.55 Music in Camera: The Lindsay Quartet play Beethoven. 5.45 Ski Sunday. 6.30 The Money Programme. 7.15 Seventy Summers. 7.50 Film: "The Return Of The Soldier." †9.30 Jazz Week: Jazz at the Philharmonic. 10.15-12.00 Film: "Coast to Coast," starring Lenny Henry and John Sea.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.30 Fraggle Rock. 10.00 Krazy Kitchen. 10.30 The Adventures of Black Beauty. 11.00 Morning Worship. 12.00 There is no limit. 12.30 pm Liechtenstein: A Princely Heritage. 1.30 Link. 2.00 Encounter. 2.30 LWT News Headlines followed by Snooker — Mercantile Credit Classic. †4.15 "The Colditz Story," starring John Mills and Eric Portman.

6.00 Bullseye. 6.30 News. 6.40 Appeal —Jane Asher on behalf of SENSE. 6.35 Highway. 7.15 Catchphrase. 7.45 Murder, Mystery, Suspense. 9.30 News. 9.45 Rat in the Skull. 11.15 pm LWT News Headlines followed by Snooker—Mercantile Credit Classic.

CHANNEL 4

9.25 am Sunday East. 10.00 Glacier Express. 11.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm Swank—The Scrap Book. 2.00 Pob's Programme. 2.30 Viva Verona. 5.25 News Summary followed by World Alive: Spain. 6.00 American Football. 7.15 The World at War. 8.15 Jeffrey Tate. 9.25 The Gourmet. †10.20 "From Here to Eternity."

S4C WALES

9.20 am Haloc Trevor. 10.05 Santa's Pocket Watch. 10.30 The Snowman. 11.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm Swank — The Scrap Book. 2.00 The World of Animation. †2.15 Feature Film: "The Secret Garden." 4.00 Callas Sings Tosca. 5.00 Nightmail II.

6.00 pm American Football. 7.15 Rebecca. 7.20 Newyddion. 7.30 Aled. 8.00 Pobol y Cwm. 8.30 Dechrau Canu, Dechrau Canmol. 9.00 Rhaglen Hywel Gwynfryn. 9.35 Teulu Mewn Tywyllwch. †10.35 Feature Film: "Winchester '73" starring James Stewart.

ANGLIA

IBA Regions as London except at the following times:—

9.25 am Cartoon Time. 12.30 pm A Place For The People. 1.00 The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 12.45 am Walking In The Light.

BORDER

9.25 am Border Diary. 4.15 pm Curling—Review of 1986. 5.30 Look Who's Talking: Stan Boardman.

CENTRAL

9.25 am Max The 2000 Year Old Mouse. 12.30 pm Contrasts. 1.00 Link. 1.30 Here And Now. 12.15 am Jobfinder.

CHANNEL

9.25 am Today's Weather. 9.28 Starting Point. 1.30 pm Nature of Things.

GRAMPIAN

9.25 am Cartoon. 11.30 A Personal View. 1.30 pm Pruitts of Southampton. 4.15 Benson. 4.45 The Smurfs. 5.00 Bullseye. 5.30 Scotsport. 12.15 am Reflections.

GRANADA

9.25 am Max the 2000-year-old Mouse. 12.30 pm The Munsters. 1.00 Woody Woodpecker. 1.05 Aap Kaa Hak. 1.10 Wish You Were Here . . . ? 1.40 This Is Your Right. 6.00 Candid Camera.

HTV

9.25 am Max the 2000 Year Old Mouse. 6.38 pm HTV News.


The Diary of Anne Frank, BBC1, 5.10

SCOTTISH

9.25 am Peter's Adventures. 11.25 Survival. 11.50 Canadian Documentary. 1.30 pm The Smurfs. 2.00 Let the Children Sing. 2.30 Snooker. 4.15 Race Round Britain. 5.00 Bullseye. 5.30 Scotsport. 12.15 am Late Call.

TSW

9.25 am Look And See. 12.30 pm Kids And Other People. 12.55 Postscript Diary. 1.00 The South West Week. 1.30 Farming News. 6.35 TSW News. 12.15 am Postscript Postbag. 12.20 South West Weather and Shipping Forecast.

TVS

9.25 am Employment Action! 1.30 pm Nature Of Things. 6.25 TVS News. 12.15 am Company.

TYNE TEES

9.25 am Hello Sunday. 12.30 pm Short Story Theatre. 1.00 Farming Outlook. 12.15 am Keys for the New Year.

ULSTER

12.30 pm The Last Frontier. 12.58 Lunchtime News. 1.00 Link. 1.30 Farming Ulster. 1.58 Farming weather. 6.38 Ulster News. 9.42 Ulster News. 12.15 am Sports Results. 12.20 News at Bedtime.

YORKSHIRE

9.25 am Cartoon Time. 12.30 pm The Smurfs. 1.00 Link. 1.25 Farming Diary followed by Farming and Inshore Weather. 12.15 am Five Minutes.

BBC RADIO 2

Stereo on VHF

7.30 am Roger Royle says Good Morning Sunday. 9.05 Melodies For You. 11.00 Judith Chalmers with your Radio 2 All-Time Greats. 2.00 pm Benny Green. 3.00 Alan Dell with Sounds Easy. 4.00 Peter Morrison Sings with the Langham Orchestra. 4.30 Sing Something Simple with the Cliff Adams Singers. 5.00 Charlie Chester with your Sunday Soapbox. 7.00 Living With Betty. 7.30 Operetta Nights presented by Nigel Douglas. 8.30 Sunday Half-Hour from St Saviour's Church, Guildford. 9.00 Your Hundred Best Tunes. 10.5 Songs From The Shows. 10.45 Jules Ruben . . . at the piano. 11.00 Sounds Of Jazz with Tony Russell. 1.00 am Jean Challis presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 La Petite Bande. 8.00 The Musician's Musician. 9.00 News. 9.05 Your Concert Choice. 10.30 Music Weekly. 11.15 Josef Suk. 12.15 pm From The Proms London Philharmonic Orchestra conducted by Bernard Haitink: Elgar (Enigma Variations); (12.45 Interval Reading); 12.55 Shostakovich (Symphony No 10). 2.00 From the Festivals. Mozart's "The Marriage of Figaro" at last year's Salzburg Festival (in Italian), Acts 1 and 2. 3.40 Ivory Towers and Glass Houses. 4.00 From the Festivals: "Figaro." Acts 3 and 4. 5.30 New Premises (Arts review with Nigel Andrews). 6.15 Envy, Hatred and Malice. 6.45 Liszt and the Piano (Recital by Michele Campanella). 7.35 Breakfast with a Snowman. 7.55 BBC Scottish Symphony Orchestra 8.50 Lay A Garland. 10.00 Currents From A Northern Land (Recent Danish music by Pelle Gudmundsen-Holmgreen, Axel Borup-Jorgensen and Per Norgaard). 11.30 Chopin, piano music played by Murray Perahia. 11.57-12.00 News.

RADIO 4

7.00 am News. 7.15 On Your Farm. 7.40 Sunday. 8.50 The Week's Good Cause. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service (S). 10.15 The Archers. 11.15 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping forecast. 2.00 Gardeners' Question Time. 2.30 The Afternoon Play (S). 3.30 The Tommy Smith Story. 4.00 News; Not All Blood And Bandages. 5.00 News; Travel. 5.05 Down Your Way. 5.50 Shipping forecast. 5.55 Weather. 6.00 News. 6.15 Actuality. 7.00 Secret Lives (S).

8.00 Bookshelf. 8.30 A Word In Edgeways. 9.00 News; Some Mother's Son (S). 9.30 The Press Barons: (1) Robert Maxwell. 9.55 Weather; Travel. 10.00 News. 10.15 The Sunday Feature (S). 11.00 Before the Ending of the Day (S). 11.15 Rodin: The Truth From Within. 11.45 Tales From A Palm Court. 12.00-12.15 am News.